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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 1-A

OMB APPROVAL

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REGULATION A OFFERING STATEMENT
UNDER THE SECURITIES ACT OF 1933

Mesa Energy, Inc.

(Exact name of issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

5220 Spring Valley Road, Suite 525

Dallas, Texas 75254

972-490-9595

(Address, including zip code, and telephone number,
including area code of issuer's principal executive office)

Affordable Business Services, Inc.

1350 E. Flamingo Road, #300

Las Vegas, Nevada 89119

702-862-4736

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

1311

(Primary standard Industrial
Classification Code Number)

20-4486668

(I.R.S. Employer Identification Number)

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This offering statement shall only be qualified upon order of the Commission, unless a subsequent amendment is filed indicating the intention to become qualified by operation of the terms of Regulation A.

GENERAL INSTRUCTIONS

I. Eligibility Requirements for Use of Form 1-A.

This form is to be used for securities offerings made pursuant to Regulation A, 17 CFR 230.251 et seq. Careful attention should be directed to the terms, conditions and requirements of the regulation, especially Rule 251, inasmuch as the exemption is not available to all issuers or to every type of securities transaction. Further, the aggregate offering amount of securities which may be sold in any 12 month period is strictly limited to \$5 million.

II. Preparation and Filing of the Offering Statement.

An offering statement shall be prepared by all persons seeking exemption pursuant to the provisions of Regulation A. Parts I, II and III shall be addressed by all issuers. Part II of the form which relates to the content of the required offering circular provides several alternate formats depending upon the nature and/or business of the issuer; only one format needs to be followed and provided in the offering statement. General information regarding the preparation, format, content of, and where to file the offering statement is contained in Rule 252. Requirements relating to the offering circular are contained in Rules 253 and 255. The offering statement may be printed, mimeographed, lithographed, or typewritten or prepared by any similar process which will result in clearly legible copies.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

III. Supplemental Information.

The following information shall be furnished to the Commission as supplemental information:

- (1) A statement as to whether or not the amount of compensation to be allowed or paid to the underwriter has been cleared with the NASD.
- (2) Any engineering, management or similar report referenced in the offering circular.
- (3) Such other information as requested by the staff in support of statements, representations and other assertions contained in the offering statement.

PART I — NOTIFICATION

The information requested shall be provided in the order which follows specifying each item number; the text of each item as presented in this form may be omitted. All items shall be addressed and negative responses should be included.

ITEM 1. Significant Parties

(a) Directors of the Issuer:

Randy M. Griffin
5220 Spring Valley Road, Suite 525
Dallas, TX 75254

Ray L. Unruh
5220 Spring Valley Road, Suite 525
Dallas, TX 75254

(b) Officers of the Issuer:

Randy M. Griffin, Chairman of the Board and Chief Executive Officer
5220 Spring Valley Road, Suite 525
Dallas, TX 75254

Ray L. Unruh, President, Secretary, Acting Chief Financial Officer
5220 Spring Valley Road, Suite 525
Dallas, TX 75254

David L. Freeman, Executive Vice-President – Oil & Gas Operations
5220 Spring Valley Road, Suite 525
Dallas, TX 75254

(c) General Partners of the Issuer: n/a

(d) Record owners of 5 percent or more of any class of the Issuer's equity securities ¹:

Randy M. Griffin ²
5220 Spring Valley Road, Suite 525
Dallas, TX 75254
4,428,000 shares or 35.29%

Ray L. Unruh ³
5220 Spring Valley Road, Suite 525
Dallas, TX 75254
3,713,715 shares or 29.60%

David L. Freeman⁴
5220 Spring Valley Road, Suite 525
Dallas, TX 75254
2,500,000 shares or 19.93%

-
- (1) Except as otherwise noted, it is believed by the Company that all persons have full voting and investment power with respect to the shares, except as otherwise specifically indicated. Under the rules of the Securities and Exchange Commission, a person (or group of persons) is deemed to be a "beneficial owner" of a security if he or she, directly or indirectly, has or shares the power to vote or to direct the voting of such security, or the power to dispose of or to direct the disposition of such a security. Accordingly more than one person may be deemed to be a beneficial owner of the same security. A person is also deemed to be a beneficial owner of any security, which that person has the right to acquire within 60 days, such as, warrants or options to purchase the Common Stock of the Company.
- (2) Mr. Griffin holds 3,528,000 shares of the Company's common stock in his own name. He is also deemed to be the beneficial owner of 900,000 shares, which are held in the name of Amagosa Investments, Ltd., an entity controlled by Mr. Griffin.
- (3) Mr. Ray L. Unruh holds 2,063,000 shares of the Company's common stock in his own name. He is also deemed to be the beneficial owner of 1,365,000 shares, which are held in the name of Unruh & Unruh Properties, Ltd., an entity controlled by Mr. Unruh, who is its General Partner. In addition, 285,715 additional shares are owned by the Ray L. Unruh Profit Sharing Plan, of which Mr. Unruh is Trustee.
- (4) Mr. David L. Freeman holds 1,800,000 shares in the name of Freeman Energy, LLC and 700,000 in the name of HS Investments, LLC, both of which are entities controlled by Mr. Freeman.

(e) Beneficial owners of 5 percent or more of any class of the Issuer's equity securities¹:

Randy M. Griffin²
5220 Spring Valley Road, Suite 525
Dallas, TX 75254
4,428,000 shares or 35.29%

Ray L. Unruh³
5220 Spring Valley Road, Suite 525
Dallas, TX 75254
3,713,715 shares or 29.60%

David L. Freeman⁴
5220 Spring Valley Road, Suite 525
Dallas, TX 75254
2,500,000 shares or 19.93%

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- (2) Mr. Griffin holds 3,528,000 shares of the Company's common stock in his own name. He is also deemed to be the beneficial owner of 900,000 shares, which are held in the name of Amagosa Investments, Ltd., an entity controlled by Mr. Griffin.
- (3) Mr. Ray L. Unruh holds 2,063,000 shares of the Company's common stock in his own name. He is also deemed to be the beneficial owner of 1,365,000 shares, which are held in the name of Unruh & Unruh Properties, Ltd., an entity controlled by Mr. Unruh, who is its General Partner. In addition, 285,715 additional shares are owned by the Ray L. Unruh Profit Sharing Plan, of which Mr. Unruh is Trustee.
- (4) Mr. David L. Freeman holds 1,800,000 shares in the name of Freeman Energy, LLC and 700,000 in the name of HS Investments, LLC, both of which are entities controlled by Mr. Freeman.

(f) Promoters of the Issuer: n/a

(g) Affiliates of the Issuer: n/a

- (h) Counsel to the Issuer with respect to the proposed offering:

Randolf W. Katz, Esq.
Bryan Cave LLP
1900 Main Street
Suite 700
Irvine, CA 92614

- (i) Each underwriter with respect to the proposed offering: n/a
(j) The underwriter's directors: n/a
(k) The underwriter's officers: n/a
(l) The underwriter's general partners: n/a
(m) Counsel to the underwriter: n/a

ITEM 2. Application of Rule 262

- (a) No persons identified in response to Item 1 are subject to any of the disqualification provisions set forth in Rule 262.

(b) If any such person is subject to these provisions, provide a full description including pertinent names, dates and other details, as well as whether or not an application has been made pursuant to Rule 262 for a waiver of such disqualification and whether or not such application has been granted or denied. n/a

ITEM 3. Affiliate Sales

The proposed offering does not involve the resale of securities by affiliates of the Issuer.

ITEM 4. Jurisdictions in Which Securities Are to be Offered

(a) Currently, the Issuer does not intend for the securities to be offered by underwriters, dealers or salespersons; however, in the event of a change, the Issuer will file an amendment to this Regulation A Offering Statement on Form 1-A.

(b) Currently, the Issuer intends to offer the securities in the states of California and New York and in jurisdictions outside of the United States.

ITEM 5. Unregistered Securities Issued or Sold Within One Year

(a) Within one year prior to the filing of this Form 1-A, the Issuer, its predecessors, and affiliated issuers sold shares of the Issuer's restricted common stock in the amounts and for the consideration indicated to the persons identified below:

On July 31, 2007, the Issuer sold 20,000 shares to Scott C. Surplus at \$0.50 per share for total consideration of \$10,000.

On August 2, 2007, the Issuer sold 10,000 shares to Cassidy Ann Unruh at \$0.50 per share for total consideration of \$5,000.

On August 9, 2007, the Issuer sold 10,000 shares to Ronald T. Cramer and Sue Ann Betsinger at \$0.50 per share for total consideration of \$5,000.

On September 9, 2007, the Issuer sold 10,000 shares to Denise M. Pilie at \$0.50 per share for total consideration of \$5,000.

On September 21, 2007, the Issuer sold 6,400 shares to Mary B. O'Neal at \$0.50 per share for total consideration of \$3,200.

On September 26, 2007, the Issuer sold 10,000 shares to Cydney J. Unruh at \$0.50 per share for total consideration of \$5,000.

On September 26, 2007, the Issuer sold 11,200 shares to Equity Trust Co., Custodian FBO Louis M. Frazer IRA at \$0.50 per share for total consideration of \$5,600.

On September 26, 2007, the Issuer sold 18,800 shares to Equity Trust Co., Custodian FBO Kathryn S. Frazer IRA at \$0.50 per share for total consideration of \$9,400.

(b) Within one year prior to the filing of this Form 1-A, any person who, at the time was a director, officer, promoter or principal security holder of the issuer of such securities, or was an underwriter of any securities of such issuer sold shares of the Issuer's restricted common stock in the amounts and for the consideration indicated to the persons identified below:

On September 20, 2007, David L. Freeman acquired 1,000,000 shares from Ray L. Unruh, President and a director of the Issuer, in a private transaction valued at \$.001 per share for total consideration of \$1,000. Subsequent to this transaction, Mr. Freeman became an officer of the Issuer.

On November 30, 2007, Matthew R. Hall, the son-in-law of Randy M. Griffin, the Issuer's Chairman of the Board, acquired 100,000 shares from Mr. Griffin in a private transaction valued at \$.001 per share for total consideration of \$100.

(c) Indicate the section of the Securities Act or Commission rule or regulation relied upon for exemption from the registration requirements of such Act and state briefly the facts relied upon for such exemption:

(i) The offers and sales made by the Issuer, as disclosed in paragraph (a) of this Item 5, were made pursuant to an exemption under Section 5-1(a) of the Texas Securities Act and pursuant to an exemption under Section 3(a)(11) of the Securities Act of 1933.

(ii) The sales made by directors of the Issuer, as disclosed in paragraph (b) of this Item 5, were made pursuant to an exemption under Section 4(1) of the Securities Act of 1933.

ITEM 6. Other Present or Proposed Offerings

The Issuer does not have any other present or proposed offerings.

ITEM 7. Marketing Arrangements

(a) Briefly describe any arrangement known to the Issuer or to any person named in response to Item 1 above or to any selling security holder in the offering covered by this Form 1-A for any of the following purposes:

(1) To limit or restrict the sale of other securities of the same class as those to be offered for the period of distribution: n/a

(2) To stabilize the market for any of the securities to be offered: n/a

(3) For withholding commissions, or otherwise to hold each underwriter or dealer responsible for the distribution of its participation: n/a

(b) Identify any underwriter that intends to confirm sales to any accounts over which it exercises discretionary authority and include an estimate of the amount of securities so intended to be confirmed: n/a

ITEM 8. Relationship with Issuer of Experts Named in Offering Statement

If any expert named in the offering statement as having prepared or certified any part thereof was employed for such purpose on a contingent basis or, at the time of such preparation or certification or at any time thereafter, had a material interest in the issuer or any of its parents or subsidiaries or was connected with the issuer or any of its subsidiaries as a promoter, underwriter, voting trustee, director, officer or employee furnish a brief statement of the nature of such contingent basis, interest or connection: n/a

ITEM 9. Use of a Solicitation of Interest Document

The Company did not use a publication authorized by Rule 254 was used prior to the filing of this notification.

PART II — OFFERING CIRCULAR

See attached Preliminary Offering Circular

PRELIMINARY OFFERING CIRCULAR _____, 2008

The information contained in this preliminary Offering Circular is as of the date hereof and we have not updated this preliminary Offering Circular for any information beyond that date. This preliminary Offering Circular does not constitute an offer to sell any securities and must not be relied upon in connection with any investment decision.

OFFERING CIRCULAR

(Pursuant to Regulation A of the Securities Act of 1933)

Mesa Energy, Inc.

5220 Spring Valley Road, Suite 525

Dallas, Texas 75254

972-490-9595

(Address and telephone number of principal executive offices)

This offering consists of a minimum ("Minimum Offering") of 156,250 Units (the "Units") and a maximum ("Maximum Offering") of 250,000 Units, with each Unit consisting of two shares of common stock, par value \$.001 per share, four "A" Warrants, three "B" Warrants and three "C" Warrants.

Mesa Energy, Inc., a Nevada corporation (the "Company"), is offering its securities for sale on a "best efforts, all-or-none basis" for a minimum of 156,250 Units, and, thereafter, on a best efforts basis, to a maximum of 250,000 Units, at a price of \$1.90 per Unit, with each Unit consisting of two shares of its common stock, \$.001 par value per share, four "A" Warrants, each exercisable at \$1.00 with a term of three months, three "B" Warrants, each exercisable at \$1.50 with a term of nine months, and three "C" Warrants, each exercisable at \$3.10 with a term of one year. The Company is qualifying such Units for sale pursuant to the exemption from registration provided by Regulation A.

The minimum investment in the offering is 1,250 Units or \$2,375.

Approximate date of commencement of proposed sale to the public: As soon as practicable after qualification of the Offering Circular. The offering will terminate 120 days after the qualification with the option of the Company to extend the termination date by an additional 120 days.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE IN NATURE AND INVOLVE A HIGH DEGREE OF RISK AND SHOULD BE PURCHASED ONLY BY PERSONS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT. THEREFORE, EACH PROSPECTIVE INVESTOR SHOULD, PRIOR TO PURCHASE, CONSIDER VERY CAREFULLY THE RISK FACTORS AS WELL AS ALL OF THE OTHER INFORMATION SET FORTH IN THIS OFFERING CIRCULAR AND THE INFORMATION CONTAINED IN THE FINANCIAL STATEMENTS.

	Price to Public	Placement Agent Commissions ⁽¹⁾	Proceeds to Issuer
(Per Unit / Minimum Investment)	\$1.90 / \$2,375.00	\$0.247 / \$308.75	\$1.653 / \$2,066.25
Minimum Offering ⁽²⁾ – 156,250 Units	\$ 296,875.00	\$ 38,593.75	\$ 258,281.25
Maximum Offering ⁽³⁾ – 250,000 Units	\$ 475,000.00	\$ 61,750.00	\$ 413,250.00

- (1) As of the date of this Offering Circular, the Company has not engaged any broker-dealer to assist it with the placement of the Units. For purposes of this chart, the Company has assumed that a placement agent commission and associated expenses will be 13%.
- (2) If all of the "A" Warrants, "B" Warrants, and "C" Warrants sold in connection with the Minimum Offering are exercised, as to any of which exercises there can be no assurance, the Company would receive an additional \$2,780,360 (for total net proceeds at the Minimum Offering of up to \$3,038,641.30). There will be no placement agent commissions or material associated expenses in connection with any such exercises.
- (3) If all of the "A" Warrants, "B" Warrants, and "C" Warrants sold in connection with the Maximum Offering are exercised, as to any of which exercises there can be no assurance, the Company would receive an additional \$4,450,000 (for total net proceeds at the Maximum Offering of up to \$4,863,250). There will be no placement agent commissions or material associated expenses in connection with any such exercises.

The date of this Offering Circular is _____, 2008.

You may rely on the information contained in this Offering Circular. We have not authorized anyone to provide information different from that contained in this Offering Circular. Neither the delivery of this Offering Circular nor sale of the Units means that information contained in this Offering Circular is correct after the date hereof. This Offering Circular is not an offer to sell or solicitation of an offer to buy Units of our securities in any circumstances under which the offer or solicitation is unlawful.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SHARES OR DETERMINED IF THIS OFFERING CIRCULAR IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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All references to "we," "us," "our," "our Company," the "Company," "Mesa" and similar terms refer to Mesa Energy, Inc. We own various registered and unregistered trademarks, some of which are mentioned in this Offering Circular.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains and incorporates by reference forward-looking statements based on our current expectations, assumptions, estimates, and projections about us and our industry. These forward-looking statements involve risks and uncertainties and include, in particular, statements about our plans, strategies, and prospects under the headings "Management's Discussion and Analysis and Plan of Operation" and "Business."

You can identify certain forward-looking statements by our use of forward-looking terminology such as the words "may," "will," "believes," "expects," "anticipates," "intends," "plans," "estimates" or similar expressions. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to the factors described in the "Risk Factors" section and elsewhere in this Offering Circular. We do not undertake to update or revise these forward-looking statements to reflect new events or circumstances.

OFFERING CIRCULAR SUMMARY

This summary provides a brief overview of the key aspects of our Company and the offering. However, it is a summary and may not contain all of the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire Offering Circular, including our financial statements and the notes to those statements.

Company Overview

Mesa Energy, Inc., a Nevada corporation (the "Company"), is a company whose predecessor entity, Mesa Energy, LLC, was formed in April 2003 to engage in the oil and gas industry. The Company's primary oil and gas drilling and production operations are conducted through its wholly owned subsidiaries, Mesa Energy Operating, LLC, a Texas limited liability company ("Mesa Operating"), and Poydras Energy Partners, LLC, a Louisiana limited liability company ("Poydras"). Mesa Operating is a licensed/qualified operator in the states of Texas, Oklahoma, and Wyoming. With the exception of the Main Pass 35 Project, which is operated by Poydras, all field operations of the Company are conducted by Mesa Operating. Both operating entities have in the past, and will continue in the future to employ, on an as-needed basis, the services of drilling contractors, other drilling related vendors, field service companies and professional petroleum engineers as required in connection with the drilling and production operations of the Company.

The Company was originally incorporated as North American Risk Management Incorporated on January 24, 2001 in the State of Colorado. On March 3, 2006, the Company was the surviving entity in a merger with Mesa Energy, LLC, a Texas limited liability company. Subsequently, the Company reincorporated in the State of Nevada by merging with and into Mesa Energy, Inc., a Nevada corporation on March 13, 2006. On March 21, 2008, we filed a Certificate of Amendment of Articles of Incorporation increasing the number of our authorized shares to a total of 110,000,000, of which 100,000,000 shares are designated as common stock, \$0.001 par value per share, and 10,000,000 shares are designated as preferred stock, \$0.001 par value per share. The Amended Articles of Incorporation provide that our Board of Directors shall designate and fix the rights, privileges, preferences, and restrictions attributable to the preferred stock. At the present time, no rights, privileges, preferences, or restrictions have been designated or fixed and no preferred shares are outstanding.

Our principal executive offices are located at 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254. Our telephone number is 972-490-9595.

Some of the key highlights of our business are:

- Experienced Management Team – Mesa's executive officers each have over 30 years of diversified oil and gas and business management experience.
- Outstanding Technical Team – Mesa's technical professionals have years of broad based technical experience in diversified oil and gas environments.
- Our Business Plan calls for rapid expansion of a balanced and highly diversified asset base with multiple asset components.

The Offering

Securities Offered	A Minimum Offering of 156,250 Units, on a best efforts, all-or-none basis; and, thereafter, on a best efforts basis, to a maximum of 250,000 Units, at a price of \$1.90 per Unit. Each Unit consists of two shares of common stock, four "A" Warrants, each exercisable at \$1.00 with a term of three months, three "B" Warrants, each exercisable at \$1.50 with a term of nine months, and three "C" Warrants, each exercisable at \$3.10 with a term of one year.
Common Stock Outstanding	12,546,115 shares (prior to Offering) 12,858,615 shares (Minimum Offering, without exercise of any Warrants) 14,421,115 shares (Minimum Offering, with exercise of all Warrants) 13,046,115 shares (Maximum Offering, without exercise of any Warrants) 15,546,115 shares (Maximum Offering, with exercise of all Warrants)

Use of Proceeds	The proceeds will be utilized to facilitate acquisition of producing properties, to drill and enhance existing and acquired properties, to evaluate and acquire acreage for future development and for operating capital. Reference is made to "Use of Proceeds," on page 2 of this Offering Circular for a more detailed discussion.
Risk Factors	The Offering involves a high degree of risk. Please refer to "Risk Factors" beginning on page 2 of this Offering Circular for a description of the risk factors you should consider.
Pink OTC Markets symbol	The Company's common stock is quoted on the Pink OTC Markets under the symbol MSEG.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risk factors listed below and all other information contained in this Offering Circular before investing in our common stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us.

If any of the following risks occur, our business, our quarterly and annual operating results, or our financial condition could be materially and adversely affected. In that case, the market price of our common stock could decline or become substantially volatile, and you could lose some or all of your investment.

Risk Factors Relating to Our Business

A decrease in oil and gas prices may adversely affect our results and financial condition.

Our success is highly dependent on prices for oil and gas, which historically have been extremely volatile. Any substantial or extended decline in the price of oil or gas would have a material adverse effect on us. Oil and gas markets are both seasonal and cyclical. The prices of oil and gas depend on factors we cannot control such as weather, economic conditions, levels of production, actions by OPEC and other countries and government actions and speculators' actions in the futures markets. Prices of oil and gas will affect the following aspects of our business:

- our revenues, cash flows and earnings, if any;
- the amount of oil and gas that we economically able to produce;
- our ability to attract capital to finance our operations and the cost of the capital;
- the value of our oil and gas properties; and
- the profit and loss we incur in exploring for and developing our reserves.

Our reserve information reflects estimates that may turn out to be incorrect if the assumptions upon which these estimates are based are inaccurate. Any material inaccuracies in these reserves estimates or underlying assumptions will materially affect the quantities and present values of our reserves.

The process of estimating oil and gas reserves is complex. It requires interpretations of available technical data and various assumptions, including assumptions relating to economic factors. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown in this Offering Circular.

In order to prepare these estimates, we must project production rates and the timing of development expenditures. We must also analyze available geological, geophysical, production and engineering data, the extent, quality and reliability of which can vary. In addition, the process requires us to make economic assumptions, such as future oil and gas prices, drilling and operating expenses, capital expenditures, taxes and the availability of funds. Therefore, estimates of oil and gas reserves are inherently imprecise.

Actual future production, oil and gas prices, revenues, taxes, development expenditures, operating expenses, and quantities of recoverable oil and gas reserves most likely will vary from our estimates. Any significant variance could materially affect the estimated quantities and present value of reserves shown in this Offering Circular. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and gas prices and other factors, many of which are beyond our control.

You should not assume that the present value of future net cash flows from our proved reserves referred to in this Offering Circular is the current market value of our estimated oil and gas reserves. In accordance with SEC requirements, we generally base the estimated discounted future net cash flows from our proved reserves on prices and costs on the date of the estimate. Actual future prices and costs may differ materially from those used in the present value estimate.

Information about reserves constitutes forward-looking information. See "Forward-Looking Statements" for information regarding forward-looking information. The discounted present value of our oil and gas reserves is prepared in accordance with guidelines established by the SEC. A purchaser of reserves would use numerous other factors to value our reserves. The discounted present value of reserves, therefore, does not represent the fair market value of those reserves.

Unless we are able to replace reserves which we have or will produce, our cash flows and production will decrease over time.

Our future success depends upon our ability to find, develop and acquire oil and gas reserves that are economically recoverable. As is often the case, our producing properties may have initial production rates that will be materially greater than the rates obtained later in the production cycle, followed by a steep decline in production. As a result, we must continually locate and develop or acquire new oil and gas reserves to replace those being depleted by production. We must do this even during periods of low oil and gas prices when it is difficult to raise the capital necessary to finance these activities and during periods of high operating costs when it is expensive to contract for drilling rigs and other equipment and personnel necessary to explore for oil and gas. Without successful exploration or acquisition activities, our reserves, production and revenues will decline rapidly. We cannot assure you that we will be able to find and develop or acquire additional reserves at an acceptable cost, or at all.

Also, because of the short life of our reserves, our return on the investment we make in our oil and gas wells and the value of our oil and gas wells will depend significantly on prices prevailing during relatively short production periods.

Investment in exploration projects increases the risks inherent in our oil and gas activities.

While we intend to develop a portfolio consisting of a balanced and diversified mix of existing production, developmental and exploration drilling opportunities, to the extent that we invest in exploration, there are much greater risks than in acquisitions and developmental drilling. Any prior success in exploration, does not assure that we will continue to increase reserves through exploration. Additionally, there are significant uncertainties as to the future costs and timing of drilling, completing and producing wells. Our drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including:

- unexpected drilling conditions;
- equipment failures or accidents;
- adverse weather conditions;
- compliance with governmental requirements; and
- shortages or delays in the availability of drilling rigs and the delivery of equipment or materials.

Because we may not operate all of our properties, we could have limited influence over their development.

Although we intend to operate or otherwise directly control the operation of all our properties, there may be certain situations wherein we elect to allow others to operate. In that event, we would have limited influence over the operations of those properties. Our lack of control could result in the following:

- the operator may initiate exploration or development on a faster or slower pace than we prefer;
- the operator may propose to drill more wells or build more facilities on a project than we have budgeted for or that we deem appropriate, which may mean that we are unable to participate in the project or share in the revenues generated by the project even though we paid our share of exploration costs; and if an operator refuses to initiate a project, we may be unable to pursue a project.

Either of these events could materially reduce the value of our properties.

Competitive industry conditions may negatively affect our ability to conduct operations.

We operate in the highly competitive areas of oil and gas exploration, development and production. We compete with other oil and gas companies for the purchase of leases, most of which companies have materially greater economic resources than we. These leases include exploration prospects as well as properties with proved reserves. Factors that affect our ability to compete in the marketplace include:

- our access to the capital necessary to drill wells and acquire properties;
- our ability to acquire and analyze seismic, geological and other information relating to a property;
- our ability to retain the personnel to properly evaluate seismic, geological and other information relating to a property;
- the location of, and our access to, pipelines and other facilities used to produce and transport oil and gas production;
- the standards we establish for the minimum projected return on an investment or our capital; and
- the availability of alternative fuel sources.

Our competitors include major integrated oil companies, independent energy companies, affiliates of major interstate and intrastate pipelines, and national and local gas gatherers, many of which possess greater financial, technological and other resources than we do.

Our competitors may use superior technology which we may be unable to afford or which would require costly investment by us to compete.

Our industry is subject to rapid and significant advancements in technology. As our competitors use or develop new technologies, we may be placed at a competitive disadvantage, and competitive pressures may force us to implement new technologies at a substantial cost. In addition, our competitors may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before we can. We cannot be certain that we will be able to implement technologies on a timely basis or at a cost that is acceptable to us. One or more of the technologies that we currently use or that we may implement in the future may become obsolete, and we may be adversely affected.

We may not be able to replace our reserves or generate cash flows if we unable to raise capital.

We will be required to make substantial capital expenditures to develop our existing reserves, and to discover new oil and gas reserves. Historically, we have financed these expenditures primarily with cash from proceeds from borrowings from our management and proceeds from the sale of debt and equity securities. We cannot assure you that we will be able to raise capital from these sources in the future. We also make offers to acquire oil and gas properties in the ordinary course of our business. If these offers are accepted, our capital needs may increase substantially. We expect to continue to sell working interests in properties to supplement our available cash. Doing so reduces the potential income from these properties.

Our decision to drill a prospect, whether developmental or exploratory, is subject to a number of factors and we may decide to alter our drilling schedule or not drill at all.

We describe our current prospects and our plans to explore these prospects in this Offering Circular, including the materials incorporated by reference. A prospect is a property on which we have identified what we believe, based on available seismic and geological information, to be indications of hydrocarbons. Our prospects are in various stages of evaluation, ranging from a prospect which is ready to drill to a prospect which will require substantial additional data processing and interpretation. Whether we ultimately drill a prospect may depend on the following factors:

- receipt of additional seismic data or the reprocessing of existing data;
- acquisition and utilization alternate evaluation technologies;
- material changes in oil or gas prices;
- the costs and availability of drilling rigs;
- the success or failure of wells drilled in similar formations or which would use the same production facilities;
- availability and cost of capital;
- our ability to attract other industry partners to acquire a portion of the working interest to reduce exposure to costs and drilling risks; and
- decisions of our joint working interest owners.

We will continue to gather data about our prospects, and it is possible that additional information may cause us to alter our drilling schedule or determine that a prospect should not be pursued at all. You should understand that our plans regarding our prospects are subject to change.

Weather, unexpected subsurface conditions, and other unforeseen hazards may adversely impact our ability to conduct business.

There are many operating hazards in exploring for and producing oil and gas, including:

- our drilling operations may encounter unexpected formations or pressures which could cause damage to equipment or personal injury;
- we may experience equipment failures which curtail or stop drilling or production; and
- we could experience blowouts or other damages to the productive formations that may require a well to be re-drilled or other corrective action to be taken.

In addition, any of the foregoing may result in environmental damages for which we could be liable. We cannot assure you that we will be able to maintain adequate insurance at rates we consider reasonable to cover our possible losses from operating hazards. The occurrence of a significant event not fully insured or indemnified against could materially and adversely affect our financial condition and results of operations.

We may not have production to offset hedging; by hedging, we may not benefit from price increases.

While we do not anticipate hedging to be a part of our business strategy, it may be necessary to reduce our exposure to the volatility of oil and gas prices by hedging a portion of our production. In a typical hedge transaction, we would have the right to receive from the other parties to the hedge the excess of the fixed price specified in the hedge over a floating price based on a market index, multiplied by the quantity hedged. If the floating price exceeds the fixed price, we would be required to pay the other parties this difference multiplied by the quantity hedged. We would be required to pay the difference between the floating price and the fixed price when the floating price exceeds the fixed price regardless of whether we have sufficient production to cover the quantities specified in the hedge. Significant reductions in production at times when the floating price exceeds the fixed price could require us to make payments under the hedge agreements even though such payments would not be offset by sales of production. Hedging would also prevent us from receiving the full advantage of increases in oil or gas

prices above the fixed amount specified in the hedge. We could also enter into price "collars" to reduce the risk of changes in oil and gas prices. Under a collar, no payments would be due by either party so long as the market price is above a floor set in the collar and below a ceiling. If the price falls below the floor, the counter-party to the collar pays the difference to us and if the price is above the ceiling, we pay the counter-party the difference.

Compliance with environmental and other government regulations could be costly and could negatively impact production.

Our operations are subject to numerous laws and regulations governing the operation and maintenance of our facilities and the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may:

- require that we acquire permits before commencing drilling;
- restrict the substances that can be released into the environment in connection with drilling and production activities;
- limit or prohibit drilling activities on protected areas such as wetland or wilderness areas; and
- require remedial measures to mitigate pollution from former operations, such as dismantling abandoned production facilities.

Under these laws and regulations, we could be liable for personal injury and clean-up costs and other environmental and property damages, as well as administrative, civil and criminal penalties. We maintain limited insurance coverage for sudden and accidental environmental damages. We do not believe that insurance coverage for environmental damages that occur over time is available at a reasonable cost. Also, we do not believe that insurance coverage for the full potential liability that could be caused by sudden and accidental environmental damages is available at a reasonable cost. Accordingly, we may be subject to liability or we may be required to cease production from properties in the event of environmental damages.

Factors beyond our control affect our ability to market production and our financial results.

The ability to market oil and gas from our wells depends upon numerous factors beyond our control. These factors include:

- the extent of domestic production and imports of oil and gas;
- the proximity of the gas production to gas pipelines;
- the availability of pipeline capacity;
- the demand for oil and gas by utilities and other end users;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- state and federal regulation of oil and gas marketing; and
- federal regulation of gas sold or transported in interstate commerce.

Because of these factors, we may be unable to market all of the oil or gas we produce. In addition, we may be unable to obtain favorable prices of the oil and gas we produce.

If oil and gas prices decrease, we may be required to take write downs of the carrying value of our oil and gas properties.

We may be required to write down the carrying value of our oil and gas properties when oil and gas prices are low or if we have substantial downward adjustments to our estimated net proved reserves, increases in our estimates of development costs or deterioration in our exploration results. Under the successful efforts method we use to account for our oil and gas properties, the net capitalized costs of our oil and gas properties may not exceed the expected undiscounted future net cash flows from estimated net proved reserves, using expected oil and gas prices at the time of production, plus the lower of cost or fair market value of our unproved properties. If net

capitalized costs of our oil and gas properties exceed this limit, we must charge to earnings the amount of the carrying value of net proved properties in excess of the discounted future net cash flows. This type of charge will not affect our cash flows, but will reduce the book value of our oil and gas properties and our stockholders' equity. We review the carrying value of our properties annually or whenever events or changes in circumstances indicate that the carrying value of the properties may not be recoverable, based on prices in effect as of the end of each period or at the time of reporting our results. Once incurred, a write-down of oil and gas properties is not reversible at a later date, even if prices increase.

Our current financial condition has raised substantial doubt regarding our ability to continue as a going concern.

The auditors' reports accompanying our audited financial statements for the years ended December 2006 and 2007 contained an explanation that our financial statements were prepared assuming that we will continue as a going concern. The report cites the generation of significant losses from operations, an accumulated deficit and a working capital deficit. To finance the Company's net losses, early stage stock has been sold and officers and directors have funded the Company through notes payable. There can be no assurance that additional stock can be sold or that the officers and directors will have the willingness or ability to continue to make financing available to the Company in the future. The officers and directors are under no legal obligation to provide additional loans to the company. In the event that the officers cannot continue to make such loans, or that Mesa does not receive funds from other sources, Mesa may be unable to continue to operate as a going concern.

The financial statements included elsewhere herein do not include any adjustments that might result from the outcome of these uncertainties. Our ability to continue operating as a going concern will depend on our ability to sell sufficient quantities of our products to generate gross revenues in excess of our required cash expenditures and, thereafter, to generate sufficient funds to allow us to effectuate our business plan. Further, to the extent that funds for our operations and business plan are required that exceed our gross revenues, our ability to continue operating as a going concern will also depend on our ability to obtain sufficient financing, whether in the form of debt or equity. We cannot provide any assurance that we will have sufficient sales or that sufficient financing will be available to us on terms or at times that we may require. Failure in any of these efforts may materially and adversely affect our ability to continue our operations or for you to receive any positive return on your investment in us.

Because we have a limited operating history, it is difficult to predict our future performance.

Although our predecessor entity was formed in April 2003, we have been and continue to be an exploration stage company. Therefore, we have limited operating and financial history available to help potential investors evaluate our past performance and the risks of investing in this Offering. Moreover, our limited historical financial results may not accurately predict our future performance. Companies in their initial stages of development present substantial business and financial risks and may suffer significant losses. As a result of the risks specific to our new business and those associated with new companies in general, it is possible that we may not be successful in implementing our business strategy.

We are dependent on our chief executive officer and certain other key officers, the loss of any of whom could significantly harm our business and operations.

To execute our business plan, we must attract and retain highly qualified personnel. We may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be severely harmed. Specifically, we are highly dependent upon our executive officers and other key personnel, including Randy M. Griffin, our Chairman and CEO, Ray L. Unruh, our President, Secretary and Acting Chief Financial Officer, and David L. Freeman, our Executive Vice President – Operations. The loss of any of these individuals or other key employees could materially and adversely affect our business, financial condition, and results of operations. None of our key employees has an employment agreement with us nor does the Company maintain life or disability on any of these individuals.

The market for our products is highly competitive, and we face competition from many established domestic and foreign companies. We may not be able to compete effectively with these companies.

The markets in which we operate are highly competitive. We compete against numerous well-established national and foreign companies in every aspect of the oil and gas production industry. We may not be able to compete effectively with these competitors, and customers may not buy our products. Some of our competitors have longer operating histories, and significantly greater brand recognition and financial and other resources, than we.

General Risks of Investment

There has been a very limited market for our shares and there may be only limited ways to transfer shares.

While our common stock was been eligible for trading on the Pink OTC Market since December 26, 2007, there has been very limited trading and we cannot assure any purchaser that a market will develop subsequent to this Offering. A purchaser must be fully aware of the long-term nature of an investment in our securities. The shares are being offered and sold pursuant to Regulation A promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act"), and available exemptions under applicable state laws. Therefore, purchasers of the Units may need to bear the economic risk of the investment for an indefinite period of time. Ownership of the shares must be considered a long-term, non-liquid investment.

Furthermore, the liquidity of our common stock could be limited, not only in the number of shares that are bought and sold, but also through delays in the timing of transactions, and coverage by security analysts and the news media, if any, of the Company. As a result, prices for the shares of our common stock may be lower than might otherwise prevail if our common stock were listed on a national stock exchange like the New York Stock Exchange, the American Stock Exchange, or The NASDAQ Stock Market or quoted on the OTC Bulletin Board. Sales of a substantial number of shares of our Common Stock in the public market, including the shares offered under this Offering Circular, could lower the stock price and impair our ability to raise funds in a new stock offering.

State Blue Sky registration: potential limitations on resale of the shares.

The holders of the shares of the Company, including purchasers in this offering, and persons who desire to purchase the shares in any trading market that might develop in the future, should be aware that there may be significant state law restrictions upon the ability of investors to resell the securities. Accordingly, investors should consider the secondary market for the Company's securities to be a limited one. It is the intention of our management to seek coverage and publication of information regarding the Company in an accepted publication which permits a "manuals exemption." This manual exemption permits a security to be sold by shareholders in a particular state without being registered if the company issuing the security has a listing for that security in a securities manual recognized by that state. The listing entry must contain (i) the names of issuers, officers, and directors, (ii) an issuer's balance sheet, and (iii) a profit and loss statement for either the fiscal year preceding the balance sheet or for the most recent fiscal year of operations. The principal accepted manuals are those published by Standard and Poor's, and Mergent, Inc. Many states expressly recognize these manuals. A smaller number of states declare that they recognize securities manuals, but do not specify the recognized manuals. Among others, the following states do not have any provisions and, therefore, do not expressly recognize the manuals exemption: Alabama, California, Georgia, Illinois, Kentucky, Louisiana, Montana, South Dakota, Tennessee, Vermont, and Wisconsin.

Our common stock is considered to be a "penny stock" and its trading price could entail additional regulatory requirements which may negatively affect the trading.

The trading price of our common stock has almost always been below \$5.00 per share; accordingly, our common stock is considered to be a "penny stock." If it continues to trade at this price level, it will continue to be considered to be a penny stock. Trading in penny stocks is subject to the requirements of certain rules promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These rules require additional disclosure by broker-dealers in connection with any trades generally involving any non-FINRA equity security that has a market price of less than \$5.00 per share, subject to certain exceptions.

Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or listed on The NASDAQ Stock Market). Penny stock rules require a

broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and a monthly account statement showing the market value of each penny stock held in the customer's account. The broker-dealer must also make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that is subject to the penny stock rules. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which typically severely limits their market price and liquidity. These requirements may restrict the ability of broker-dealers to sell our common stock and may affect your ability to resell our common stock.

Shares not qualified in this offering may become available for sale in the market and may reduce the market price of the shares.

As of the date of this Offering Circular, there were 12,546,115 shares of our Common Stock outstanding. Of these, 10,642,115 shares are owned by our executive officers or entities that they control. While these shares are currently restricted from being traded, if, and when, these stockholders should decide to sell such shares, they would be entitled to avail themselves of certain provisions under Rule 144 as promulgated by the SEC, to remove the restrictions on the sale of such stock. An increase in the number of the Company's shares available for public re-sale without any increase to its capitalization could decrease the market price of its shares.

Management and affiliates will continue to own enough shares to control stockholder vote which could limit the rights of future stockholders.

Our executive officers or entities controlled by them will own approximately 81.57% of the outstanding common stock upon sale of the Minimum Offering, assuming that none of the outstanding options/warrants or the Warrants under this Offering are exercised, as to which exercises there can be no assurance. If all of the Warrants are exercised as is represented by the Maximum Offering, such percentage would be 68.45%. As a result, our executive officers will control the vote on matters that require stockholder approval, such as election of directors, approval of a corporate merger, increasing or decreasing the number of authorized shares, adopting corporate benefit plans, affecting a stock split, amending our charter or other material corporate actions.

We may obtain additional capital through the issuance of preferred stock, which may limit your rights as a holder of our Common Stock.

Without any stockholder vote or action, our board of directors may designate and issue shares of its preferred stock. The terms of any preferred stock may include priority claims to assets and dividends and special voting rights which could limit the rights of the holders of the Common Stock. The designation and issuance of preferred stock favorable to current management or stockholders could make any possible takeover of the Company or the removal of our management more difficult.

USE OF PROCEEDS

Based on an assumed offering price of \$1.90 per Unit, after deducting estimated commissions and offering expenses payable by us, we expect that the net proceeds from this Offering will be approximately \$250,000 (Minimum Offering without exercise of any of the Warrants), \$413,000 (Maximum Offering without exercise of any of the Warrants), or \$4,850,000 (Maximum Offering including exercise of all warrants). We currently intend to use the net proceeds of this Offering as described below.

Minimum Offering or Maximum Offering (without receipt of any Warrant Proceeds):

- Acquisition of acreage for a defined-risk exploratory drilling project: \$140,000
- Drilling and enhancement of existing properties: \$110,000

- The remainder of the net proceeds will be used for evaluation of future acquisitions and general corporate purposes, including working capital. The working capital will be utilized in all areas of the Company, including operational expansion, overhead and administration.

Minimum Offering or Maximum Offering (with receipt of all Warrant Proceeds):

- Equity to facilitate acquisition of a producing property: \$2,000,000
- Drilling and enhancement of existing or to be acquired properties: \$1,970,000
(only in the event of the Maximum Offering and the exercise of all Warrants issued therein)
- Evaluation and acquisition of acreage for future development: \$520,000
- The remainder of the net proceeds will be used for general corporate purposes, including working capital. The working capital will be utilized in all areas of the Company, including operational expansion, overhead and administration.

Any funds received from the exercise of the Warrants, as to which exercises there can be no assurance, will be used as outlined above on an "as received" basis and allocated for general corporate purposes, including our working capital requirements.

The foregoing represents our best estimate of the allocation of the net proceeds of this Offering. Future events, including the challenges, unforeseen expenses, and complications frequently encountered by early stage or exploration stage companies, changes in economic conditions or changes in our business plan or the success or lack thereof, may result in the reallocation of funds or may require the delay, abandonment, or reduction of our efforts. There can be no assurance that our estimates will prove accurate, that expansion of our acquisition and drilling program will not require considerable addition expenditures or time, or that unforeseen expenses or events will not occur.

Until used, the net proceeds of this Offering will be invested in high grade, short-term, interest-bearing securities or certificates of deposit.

DIVIDEND POLICY

We have not declared or paid any dividends on our common stock since inception, and we do not intend to pay any cash dividends in the foreseeable future. We intend to retain any future earnings for use in the operation and expansion of our business. Any future decision to pay dividends on common stock will be at the discretion of our Board of Directors and will be dependent upon our fiscal condition, results of operations, capital requirements, and other factors our Board of Directors may deem relevant.

CAPITALIZATION

The following table sets forth our capitalization on June 30, 2008, and as adjusted to give effect to the issuance and sale of 312,500 shares (Minimum Offering) and 500,000 shares (Maximum Offering) and the application of the net proceeds therefrom, assuming that none of the options outstanding on the date of this Offering Circular and none of the Warrants to be granted in connection with the Offering is exercised:

	<u>Actual</u>	<u>June 30, 2008 (unaudited)</u>	
		<u>As Adjusted</u>	
		<u>(Minimum)</u>	<u>(Maximum)</u>
Current Assets	\$1,648,389	\$1,868,389	\$2,023,389
Non-current Assets	<u>153,288</u>	<u>153,288</u>	<u>153,288</u>
Total Assets	<u>\$3,101,677</u>	<u>\$3,321,677</u>	<u>\$3,476,677</u>
Current Liabilities	\$1,154,869	\$1,154,869	\$1,154,869
Asset Retirement Obligations	<u>399,034</u>	<u>399,034</u>	<u>399,034</u>
Total Liabilities	<u>\$1,553,902</u>	<u>\$1,553,902</u>	<u>\$1,553,902</u>

Stockholders' Equity

Preferred Stock, par value \$0.001: authorized 10,000,000 shares; issued and outstanding – None	\$ --	\$ --	\$ --
Common Stock, par value \$0.001: authorized 100,000,000 shares; issued and outstanding – 12,546,115 before offering at June 30, 2008 and 12,858,615 shares after offering (Minimum) or 13,046,115 shares after offering (Maximum)	12,546	12,859	13,046
Additional Paid-in Capital	2,042,867	2,262,554	2,417,367
Accumulated Deficit	<u>(507,638)</u>	<u>(507,638)</u>	<u>(507,638)</u>
Total Stockholders' Equity	<u>\$1,547,775</u>	<u>\$1,747,775</u>	<u>\$1,922,775</u>

The following table sets forth our capitalization on June 30, 2008, and as adjusted to give effect to the issuance and sale of 1,873,500 shares (Minimum Offering) and 3,000,000 shares (Maximum Offering) and the application of the net proceeds therefrom, assuming that none of the options outstanding on the date of this Offering Circular is exercised and that all of the Warrants to be granted in connection with the Offering are exercised:

	June 30, 2008 (unaudited)		
	Actual	As Adjusted	
		(Minimum)	(Maximum)
Current Assets	\$1,648,389	\$4,646,189	\$6,473,389
Non-current Assets	<u>1,453,288</u>	<u>1,453,288</u>	<u>1,453,288</u>
Total Assets	<u>\$3,101,677</u>	<u>\$6,099,477</u>	<u>\$7,926,677</u>
Current Liabilities	\$1,154,869	\$1,154,869	\$1,154,869
Asset Retirement Obligations	<u>399,034</u>	<u>399,034</u>	<u>399,034</u>
Total Liabilities	<u>\$1,553,902</u>	<u>\$1,553,902</u>	<u>\$1,553,902</u>

Stockholders' Equity

Preferred Stock, par value \$0.001: authorized 10,000,000 shares; issued and outstanding – None	\$ --	\$ --	\$ --
Common Stock, par value \$0.001: authorized 100,000,000 shares; issued and outstanding – 12,546,115 before offering at June 30, 2008 and 14,419,615 shares after offering (Minimum) or 15,546,115 shares after offering (Maximum)	12,546	14,420	15,546
Additional Paid-in Capital	2,042,867	5,038,793	6,864,867
Accumulated Deficit	<u>(507,638)</u>	<u>(507,638)</u>	<u>(507,638)</u>
Total Stockholders' Equity	<u>\$1,553,902</u>	<u>\$4,551,702</u>	<u>\$6,378,902</u>

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Mesa Energy, Inc.
(An Exploration Stage Company)
Dallas, Texas

We have audited the accompanying consolidated balance sheet of Mesa Energy, Inc. (an exploration stage company) as of December 31, 2007 and the related consolidated statements of operations, members' and stockholders' equity (deficit) and cash flows for each of the two years in the period ended December 31, 2007, and for the period from inception (April 25, 2003) to December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2007 and the results of their operations and their cash flows for the periods described above, in conformity with United States generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has generated significant losses from operations, has an accumulated deficit and has a working capital deficit at December 31, 2007, which together raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

GBH CPAs, PC
www.gbhcpas.com
Houston, Texas
May 5, 2008

MESA ENERGY, INC.
(An Exploration Stage Company)
Consolidated Balance Sheet
December 31, 2007

ASSETS

Current assets	
Cash	\$ 27,443
Oil and gas properties, using successful efforts accounting	
Properties not subject to amortization, less impairment of \$27,140	668,781
Furniture and equipment, less accumulated depreciation of \$4,459	744
TOTAL ASSETS	<u>\$ 696,968</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities	
Accounts payable-trade	\$ 18,498
Accrued expenses	2,799
Accrued expenses-related parties	49,562
Deposits	30,000
Convertible debt	250,000
Notes payable-related parties	487,400
TOTAL CURRENT LIABILITIES	<u>838,259</u>
Asset retirement obligations	9,357
TOTAL LIABILITIES	<u>847,616</u>
Stockholders' Deficit	
Preferred stock, par value \$0.001, 10,000,000 shares authorized, -0- shares issued and outstanding.	-
Common stock, par value \$0.001, 100,000,000 shares authorized, 11,046,115 shares issued and outstanding.	11,046
Additional paid-in capital	1,263,296
Accumulated deficit during the exploration stage	(1,424,990)
TOTAL STOCKHOLDERS' DEFICIT	<u>(150,648)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 696,968</u>

See accompanying summary of accounting policies and notes to financial statements.

MESA ENERGY, INC.
(An Exploration Stage Company)
Consolidated Statements of Operations
For the Years Ended December 31, 2007 and 2006 and For the Period
from Inception (April 25, 2003) to December 31, 2007

	<u>2007</u>	<u>2006</u>	<u>Inception to December 31, 2007</u>
Revenues	\$ -	\$ -	\$ -
Operating expenses			
Rent expense	26,595	25,024	117,064
Legal and professional	114,056	203,659	378,040
Exploration cost	25,037	27,389	344,451
Depreciation, depletion, amortization, accretion, and impairment	28,554	174	32,716
Other general and administrative expenses	66,835	112,939	282,191
Total operating expenses	<u>261,077</u>	<u>369,185</u>	<u>1,154,462</u>
Loss from operations	(261,077)	(369,185)	(1,154,462)
Other income (expenses)			
Interest expense	(246,350)	(23,798)	(280,652)
Consulting income	-	2,400	7,553
Interest income	487	767	1,299
Other income	-	1,247	1,272
Net loss	<u>\$ (506,940)</u>	<u>\$ (388,569)</u>	<u>\$ (1,424,990)</u>
Net loss per share - basic and diluted	\$ (0.05)	\$ (0.04)	
Weighted average number of shares outstanding basic and fully diluted	10,877,476	8,659,620	

See accompanying summary of accounting policies and notes to financial statements.

MESA ENERGY, INC.
(An Exploration Stage Company)
Consolidated Statement of Members' and Stockholders' Equity (Deficit)
For the Period from Inception (April 25, 2003) to December 31, 2007

		<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Members'</u>	<u>Shares</u>	<u>Par Value</u>	<u>Paid-in</u>	<u>Deficit</u>	<u>Totals</u>
	<u>Equity</u>			<u>Capital</u>		
	<u>\$</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at April 25, 2003 (inception)	-	-	-	-	-	-
Contributions	157,416	-	-	-	-	157,416
Net loss	(152,274)	-	-	-	-	(152,274)
Balances at December 31, 2003	5,142	-	-	-	-	5,142
Contributions	372,673	-	-	-	-	372,673
Draws	(70,000)	-	-	-	-	(70,000)
Imputed Interest	11,508	-	-	-	-	11,508
Net loss	(166,278)	-	-	-	-	(166,278)
Balances at December 31, 2004	153,045	-	-	-	-	153,045
Contributions	94,766	-	-	-	-	94,766
Imputed Interest	5,134	-	-	-	-	5,134
Net loss	(210,929)	-	-	-	-	(210,929)
Balances at December 31, 2005	42,016	-	-	-	-	42,016
Contributions	22,743	-	-	-	-	22,743
Net loss from January 1, 2006 to March 3, 2006	(50,495)	-	-	-	-	(50,495)
Merger with Mesa Energy, Inc. (Co.)	(14,264)	10,000,000	10,000	584,240	(579,976)	-
Fair value of options and warrants issued for services	-	-	-	19,075	-	19,075
Shares issued for cash	-	629,715	630	264,770	-	265,400
Net loss from March 4, 2006 to December 31, 2006	-	-	-	-	(338,074)	(338,074)
Balances at December 31, 2006	-	10,629,715	10,630	868,085	(918,050)	(39,335)
Shares issued for cash	-	416,400	416	207,884	-	208,200
Discount on convertible debt	-	-	-	187,427	-	187,427
Net loss	-	-	-	-	(506,940)	(506,940)
Balances at December 31, 2007	<u>\$ -</u>	<u>11,046,115</u>	<u>\$ 11,046</u>	<u>\$ 1,263,296</u>	<u>\$(1,424,990)</u>	<u>\$(150,648)</u>

See accompanying summary of accounting policies and notes to financial statements.

MESA ENERGY, INC.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2007 and 2006
and For the Period from Inception (April 25, 2003) to December 31, 2007

	2007	2006	Inception to December 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (506,940)	\$ (388,569)	\$ (1,424,900)
Adjustments to reconcile net loss to net cash used in operating activities:			
Imputed interest	-	-	16,642
Amortization of debt discount	187,427	-	187,427
Depreciation, depletion, amortization, accretion, and impairment	28,554	174	32,716
Options and warrants issued for services	-	19,075	19,075
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	-	17,000	-
Accounts payable	15,773	51,801	18,498
Accrued expenses	10,023	15,273	82,361
CASH USED IN OPERATING ACTIVITIES	<u>(265,163)</u>	<u>(285,246)</u>	<u>(1,068,271)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	-	-	(5,203)
Proceeds from sale of assets	50,000	-	50,000
Oil & gas development costs	<u>(68,825)</u>	<u>(428,197)</u>	<u>(737,681)</u>
CASH USED FOR INVESTING ACTIVITIES	<u>(18,825)</u>	<u>(428,197)</u>	<u>(692,884)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the sale of stock	208,200	265,400	473,600
Borrowings on debt from related parties	49,000	230,400	680,000
Borrowings on debt	-	250,000	250,000
Members' contributions	-	22,743	647,598
Members' distributions	-	-	(70,000)
Principal payments on debt from related parties	<u>(13,000)</u>	<u>-</u>	<u>(193,000)</u>
CASH PROVIDED BY FINANCING ACTIVITIES	<u>244,200</u>	<u>768,543</u>	<u>1,788,598</u>
NET INCREASE (DECREASE) IN CASH	(39,788)	55,100	27,443
CASH AT BEGINNING OF PERIOD	67,231	12,131	-
CASH AT END OF PERIOD	<u>\$ 27,443</u>	<u>\$ 67,231</u>	<u>\$ 27,443</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 30,966	\$ 12,697	\$ 43,663
Cash paid for income taxes	\$ -	\$ -	\$ -
Non-cash disclosures:			
Revision of asset retirement obligation	\$ 6,622	\$ -	\$ 6,622
Increase in asset retirement obligation	\$ 2,862	\$ 7,500	\$ 14,862

See accompanying summary of accounting policies and notes to financial statements.

Mesa Energy, Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of operations

Mesa Energy, Inc. was originally incorporated as North American Risk Management, Inc. on January 24, 2001 in the State of Colorado. On February 13, 2006, the name was changed to Mesa Energy, Inc. On March 3, 2006, Mesa Energy, Inc. was the surviving entity in a merger with Mesa Energy, LLC, a Texas limited liability company, which was formed April 25, 2003 to serve as an independent exploration and production company. Subsequently, the company was reincorporated in the State of Nevada by merging into Mesa Energy, Inc., a Nevada corporation on March 13, 2006. The company is engaged primarily in the acquisition, development, production, exploration for, and the sale of, oil and gas and the associated liquids.

Mesa's primary oil and gas drilling and production operations are conducted through our wholly owned subsidiary, Mesa Energy Operating, LLC, a Texas limited liability company qualified as an operator in Texas, Oklahoma and Wyoming. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Mesa records oil and gas revenues following the entitlement method of accounting for production, in which any excess amount received above Mesa's share, is treated as a liability. If less than Mesa's share is received, the underproduction is recorded as an asset. Mesa has had no revenues as of December 31, 2007.

Cash and cash equivalents

Cash and cash equivalents include cash in banks. All cash in banks is unrestricted.

Oil and gas properties

Mesa uses the successful efforts method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves, to drill and equip development wells and related asset retirement costs are capitalized. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed.

Unproved oil and gas properties that are individually significant are periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment allowance. Other unproved properties are amortized based on the Company's experience of successful drilling and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated residual salvage values, are depreciated and depleted by the unit-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives.

On the sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion, and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion, and amortization with a resulting gain or loss recognized in income.

On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is

recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

Long-lived assets

Long-lived assets to be held and used or disposed of other than by sale are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used or disposed of other than by sale are recognized based on the fair value of the asset. Long-lived assets to be disposed of by sale are reported at the lower of its carrying amount or fair value less cost to sell.

Property and equipment

Property and equipment consists of office furniture and equipment and is depreciated using the straight-line method over their estimated useful lives of 5 years.

Income taxes

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB Statement No. 109, Accounting for Income Taxes. As changes in tax laws or rate are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

In July 2006, the FASB issued FIN 48 - "Accounting for Uncertainty in Income Taxes," an interpretation of FAS 109 ("FIN 48"), effective for years beginning after December 15, 2006. FIN 48 establishes a more-likely-than-not threshold for recognizing the benefits of tax return positions in the financial statements. Also, FIN 48 implements a process for measuring those tax positions which meet the recognition threshold of being ultimately sustained upon examination by the taxing authorities. The adoption of FIN 48 had no material impact to Mesa's financial statements.

Recently issued accounting pronouncements

Mesa does not expect the adoption of recently issued accounting pronouncements to have a significant impact on Mesa results of operations, financial position or cash flow.

NOTE 2 – GOING CONCERN

As indicated in the accompanying consolidated financial statements, Mesa has incurred recurring losses from operations resulting in an accumulated deficit of \$1,424,990 and has a working capital deficit of \$810,816 at December 31, 2007. These conditions raise substantial doubt as to Mesa's ability to continue as a going concern. To finance Mesa's net losses, early stage stock has been sold and officers and directors have funded Mesa through notes payable (see Note 4). There can be no assurance that additional stock can be sold or that the officers and directors will have the ability to continue to make financing available to Mesa in the future. The officers and directors are under no legal obligation to provide additional loans to the company. In the event that the officers cannot continue to make such loans, or that Mesa does not receive funds from other sources, Mesa may be unable to continue to operate as a going concern. The financial statements do not include any adjustments that might be necessary if Mesa is unable to continue as a going concern.

NOTE 3 – OIL AND GAS PROPERTIES

All of Mesa's oil and gas properties are located in the United States. No amortization of expense was recorded in 2007 as no production or sales occurred.

The carrying value, net of accretion and impairment, at December 31, 2007 of Mesa's oil and gas properties are:

<u>Prospect</u>	<u>Net Carrying Value</u>
Coal Creek Prospect	\$ 205,085
Frenchy Springs Prospect	463,696
Total	<u>\$ 668,781</u>

Costs excluded from amortization at December 31, 2007 were:

<u>Year Incurred</u>	<u>Acquisition Costs</u>	<u>Exploration Costs</u>	<u>Impairment</u>	<u>Total</u>
2006 and prior	\$ 236,963	\$ 421,598	\$ -	\$ 658,561
2007	-	37,360	(27,140)	10,220
Total	<u>\$ 236,963</u>	<u>\$ 458,957</u>	<u>\$ (27,140)</u>	<u>\$ 668,781</u>

Mesa holds oil and gas lease interests in Oklahoma and Wyoming. The leases are classified as "Properties not subject to amortization" in Mesa's financial statements. Mesa evaluates each of its properties upon completion of drilling and assessment of reserves to either classify as "Properties subject to amortization" or impair the properties.

Coal Creek Prospect – Sequoyah County, Oklahoma

The Coal Creek Prospect is a developmental prospect targeting the Brent Sand, a shallow gas reservoir present in the Arkoma Basin of eastern Oklahoma. Approximately 800 acres are under lease near the town of Muldrow, Oklahoma, and the acreage includes the Cook #1, a completed and tested gas well awaiting pipeline hook-up.

On December 26, 2007, Mesa Energy, Inc. completed a "farm-out" transaction with Wentworth Operating Company of Edmond, OK, wherein Wentworth will acquire Mesa's pipeline right-of-way and will construct a natural gas gathering system and approximately three miles of pipeline to connect the Cook #1 and future wells to an Arkansas Oklahoma Gas Company (AOG) pipeline. In addition, Wentworth will fund, drill and complete the Gipson #1, a direct offset to the Cook #1.

Wentworth made an advance deposit of \$30,000 against the acquisition price of \$60,000 for the pipeline right-of-way with the balance payable out of net proceeds from the initial gas sales from Cook #1 and Gipson #1. Upon completion of the work described above, Wentworth will earn an assignment of the pipeline right-of-way and a 70% working interest in the project. Further development of up to five additional offset drilling locations is dependent upon the results of the Cook #1 and Gipson #1 wells.

Frenchy Springs Prospect – Johnson County, Wyoming

The Frenchy Springs Prospect is located on the west flank of the Powder River Basin on federal lands approximately seven miles northwest of the town of Midwest in Johnson County, Wyoming.

The initial test well, the Mesa Energy #23-22, was drilled by Mesa Energy Operating, LLC, in August, 2006. Two out of five potential productive zones have been tested and determined to be uneconomical. Mesa continues to evaluate the remaining three zones. Weather and environmental restrictions do not allow work on the location during the period from February through July of each year limiting the time available for development of the well on location. Additional geological and engineering testing is planned for May of 2008, and additional completion efforts in the unevaluated zones are planned for Fall 2008.

On January 4, 2007, Mesa sold a 10% working interest in the prospect to a third party for \$50,000 reducing Mesa's overall working interest to 50%. No gain or loss was recognized for sales of the partial working interests in accordance with FAS 19 *Financial Accounting and Reporting by Oil and Gas Producing Companies*. Mesa Energy Operating, LLC, is the operator of the Frenchy Springs Prospect.

NOTE 4 – SHORT-TERM DEBT - RELATED PARTIES

At December 31, 2007, short-term debt consisted of three notes payable to related parties for cash loaned to the company. Two of the notes totaling \$451,400 are payable to entities owned by the founders and bear interest at a rate of 6% per annum with principal and interest to mature on March 31, 2009. The third note was executed during

the year ended December 31, 2006 for \$49,000 to the Company's CEO. As of December 31, 2007, principal payments totaling \$13,000 have been repaid to the CEO on this note.

NOTE 5 – CONVERTIBLE PROMISSORY NOTE

Mesa borrowed \$250,000 under a convertible note from a private investor and consultant to the company. This note bears interest at 12% per annum and matured on September 30, 2007, but was extended until September 29, 2008. The note provides the investor the right to convert any or all of the outstanding debt to Mesa Energy common shares, at \$0.50 per share, any time prior to the maturity date. Attached to the note were three year warrants for 300,000 common shares of Mesa Energy stock exercisable at \$0.50 per share.

Mesa has evaluated the terms of the convertible note and attached warrants in accordance with EITF 98-5 and EITF 00-27. The relative fair value of the warrants under the Black-Scholes option pricing model was \$93,713, which was recorded as a debt discount on the convertible note and amortized using the effective interest method over the term of the note. The parameters used in the Black-Scholes valuation model were: a risk-free interest rate of 4.62%; the current stock price on the date of issuance of \$0.50 per common share; the exercise price of the warrants of \$0.50 per share of common stock; an expected term of three years; volatility of 214.54% and an expected dividend yield of 0.0%. Mesa also determined that the issuance of the warrants created a beneficial conversion feature. Mesa recorded a discount of \$93,714 to reflect the value of the beneficial conversion feature on the convertible debt on the date of issuance. Utilizing the effective interest method, the value of the beneficial conversion feature has been completely amortized through the maturity date of the debt in accordance with EITF 00-27. For the year ending December 31, 2007, a total of \$187,427 was charged to interest expense associated with the amortization of the debt discount and the beneficial conversion feature.

NOTE 6 – ASSET RETIREMENT OBLIGATIONS

The following is a description of the changes to the Company's asset retirement obligations for the years ended December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Asset retirement obligations at beginning of year	\$ 12,000	\$ 4,500
Additions for exploratory and development drilling	2,862	7,500
Accretion expense	1,117	-
Revision in cost estimates	<u>(6,622)</u>	<u>-</u>
Asset retirement obligations at end of year	<u>\$ 9,357</u>	<u>\$ 12,000</u>

NOTE 7 - INCOME TAXES

Mesa uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes.

At December 31, 2007, Mesa had net operating loss carryforwards of \$1,174,706 that will expire between 2023 through 2027. No tax benefit has been reported in the December 31, 2007 financial statements since the potential tax benefit is offset by the valuation allowance. Mesa utilized an effective tax rate of 35% as its estimate of its future tax rate.

At December 31, 2007 and 2006, deferred tax assets consisted of the following:

	<u>2007</u>	<u>2006</u>
Deferred tax assets		
Net operating losses	\$ 411,147	\$ 108,000
Less: valuation allowance	<u>(411,147)</u>	<u>(108,000)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net

operating loss carryforwards may be limited as to use in future years.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Mesa is not currently involved in any pending legal proceedings.

Mesa is subject to cash calls related to its various investments in oil and gas prospects. The potential cash calls are in the normal course of business for Mesa's oil and gas interests. Mesa will require funds in excess of its net cash flows from operations to meet its cash calls for its various interests in oil and gas prospects to explore, produce, develop, and eventually sell the underlying natural gas and oil products.

NOTE 9 - STOCKHOLDERS' EQUITY

On March 3, 2006, Mesa Energy, LLC, merged with Mesa Energy, Inc., a Colorado corporation. Mesa Energy, Inc. (Colorado) (formerly known as North American Risk Corporation, Inc.) issued 9,100,000 shares in exchanges for all of the assets and liabilities of Mesa Energy, LLC.

On March 13, 2006, the combined entity merged with Mesa Energy, Inc., a Nevada Corporation, Mesa Energy, Inc. (Nevada) issued 900,000 shares of common stock on a 1:1 basis to Mesa Energy, Inc. (Colorado).

Neither new entity had any assets, liabilities or operations. Both of the above transactions were accounted for as recapitalizations of Mesa.

During the year ended December 31, 2006, Mesa issued 629,715 shares of common stock for cash proceeds of \$265,400 in a series of transactions. Mesa also issued 30,000 warrants for services. The options and warrants were valued at \$19,075 using the Black Scholes Model.

During the year ended December 31, 2007, Mesa issued 416,400 shares of common stock for cash proceeds of \$208,200.

NOTE 10 – SUBSEQUENT EVENTS

On January 1, 2008, Mesa Energy, Inc. acquired Poydras Energy Partners, LLC, a Louisiana operating company, along with its principal asset, the Main Pass 35 Project. The Project has been shut down since Hurricane Katrina. The wells were undamaged but there was extensive damage to the processing facility. Poydras Energy Partners, LLC, will operate the property as a wholly owned subsidiary of Mesa.

Mesa acquired 50% of its interest in Poydras from its Chief Executive Officer in exchange for a \$100,000 promissory note from Mesa. The note bears interest at 6% and is due on March 31, 2008. Mesa also issued 1,500,000 shares of common stock to acquire the remaining 50% interest from affiliates of David Freeman, Freeman Energy, LLC (1,000,000 shares) and HS Investments (500,000 shares) on January 25, 2008. On January 1, 2008, Mesa entered into an employment agreement with Mr. Freeman as its Executive Vice-President of Oil & Gas Operations.

Unaudited Pro Forma Combined Condensed Financial Statements of Mesa Energy, Inc. and Poydras Energy Partners, LLC

The unaudited pro forma combined condensed statements of operations for the year ended December 31, 2007 are presented as if the acquisition had taken place on January 1, 2007 by combining the historical results of Poydras Energy Partners, LLC and Mesa Energy, Inc.

The pro forma combined condensed statements of operations are presented for informational purposes only and are not necessarily indicative of the results of operations that actually would have been achieved had the acquisition been consummated as of that time, or is it intended to be a projection of future results. The unaudited pro forma results were as follows:

	<u>Mesa Energy, Inc.</u>	<u>Poydras Energy Partners, LLC</u>	<u>Pro Forma Adjustments</u>	<u>Combined Pro Forma Results</u>
Revenues	\$ -	\$ 60,571	\$ -	\$ 60,571
General and administrative expenses				
Rent expense	26,595	-	-	26,595
Legal and professional	114,056	1,092	-	115,148
Exploration cost	25,037	17,249	-	42,286
Depreciation, depletion, amortization, accretion, and impairment	28,554	-	-	28,554
Other general and administrative expenses	66,835	54,082	-	120,917
Total general and administrative expense	261,077	72,423	-	333,500
Loss from operations	(261,077)	(11,852)	-	(272,929)
Other income (expenses)				
Interest expense	(246,350)	-	-	(246,350)
Consulting income	-	-	-	-
Interest income	487	-	-	487
Other income	-	-	-	-
Net loss	\$ <u>(506,940)</u>	\$ <u>(11,852)</u>	\$ <u>-</u>	\$ <u>(518,792)</u>

Following Mesa's acquisition of Poydras as a wholly owned subsidiary, Poydras entered into two (2) Participation Agreements with respect to the Main Pass 35 Project. One of the Participation Agreements was with Roky Operating, LLC, which acquired a 40% working interest (30% net revenue interest). The other Participation Agreement was entered into with Hayhurst Investments, Ltd. ("Hayhurst"), which acquired a 3% working interest (2.25% net revenue interest). In addition, Hayhurst was granted an option to acquire up to an additional 7% working interest (5.25% net revenue interest) in the Project. This option expired on April 30, 2008.

On March 20, 2008, Mesa's Articles of Incorporation were amended to increase its total number of authorized common shares to 100,000,000 and to establish 10,000,000 authorized preferred shares.

On April 4, 2008, Mesa repaid principal of \$36,000 and accrued interest of \$556 to Randy M. Griffin, our CEO, as a reduction of Mesa's related party debt. In addition, on April 4, 2008, Mesa also repaid principal of \$100,000 and accrued interest of \$1,545 to Randy M. Griffin to repay the promissory note related to the acquisition of Poydras.

MESA ENERGY, INC.
(An Exploration Stage Company)
Consolidated Balance Sheets
(Unaudited)

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
ASSETS		
Current assets		
Cash	\$ 1,648,389	\$ 27,443
Accounts receivable	-	-
TOTAL CURRENT ASSETS	<u>1,648,389</u>	<u>27,443</u>
Oil and gas properties, using successful efforts accounting		
Properties not subject to amortization, less accumulated impairment of \$27,140 and \$27,140, respectively	851,862	668,781
Furniture and equipment, less accumulated depreciation of \$4,607 and \$4,459, respectively	596	744
Prepaid asset retirement cost	600,830	-
TOTAL ASSETS	<u>\$ 3,101,677</u>	<u>\$ 696,968</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable trade	\$ 51,586	\$ 18,498
Accrued expenses	5,203	2,799
Accrued expenses-related parties	66,680	49,562
Advances from joint interest owners	300,000	-
Deposits	30,000	30,000
Notes payable-related parties	451,400	487,400
Convertible debt	250,000	250,000
TOTAL CURRENT LIABILITIES	<u>1,154,869</u>	<u>838,259</u>
Non-current liabilities		
Asset retirement obligations	399,034	9,357
TOTAL LIABILITIES	<u>1,553,902</u>	<u>847,616</u>
Stockholders' Equity (Deficit)		
Preferred stock, par value \$0.001, 10,000,000 shares authorized		
-0- and -0- shares issued and outstanding, respectively	-	-
Common stock, par value \$0.001, 100,000,000 shares authorized,		
12,546,115 and 11,046,115 shares issued and outstanding, respectively	12,546	11,046
Additional paid-in capital	2,042,867	1,263,296
Accumulated deficit during the exploration stage	(507,638)	(1,424,990)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	<u>1,547,775</u>	<u>(150,648)</u>
TOTAL LIABILITIES AND		
 STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 3,101,677</u>	<u>\$ 696,968</u>

See accompanying summary of accounting policies and notes to financial statements.

MESA ENERGY, INC.
(An Exploration Stage Company)
Consolidated Statements of Operations
For the Three Months Ended June 30, 2008 and 2007, the Six Months Ended June 30, 2008 and 2007
and the period from Inception (April 25, 2003) to June 30, 2008
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		Inception to June 30, 2008
	2008	2007	2008	2007	
Revenues	\$ -	\$ -	\$ -		\$ -
Operating expenses					
Rent expense	6,878	4,219	16,048	10,547	133,112
Legal and professional	37,848	58,348	382,134	95,320	760,174
Exploration cost	6,350	-	15,292		359,743
Depreciation, depletion, amortization, accretion, and impairment	74	-	148		32,864
Other general and administrative expenses	41,871	10,996	313,032	24,287	595,223
Gain on sale of oil and gas properties	(210,000)	-	(1,673,620)		(1,673,620)
Total operating expenses	(116,979)	73,563	(946,966)	130,154	207,496
Income (loss) from operations	116,979	(73,563)	946,966	(130,154)	(207,496)
Other income (expenses)					
Interest expense	(21,220)	(14,311)	(39,626)	(28,531)	(320,278)
Consulting income		-			7,553
Interest income	7,825	184	8,201	411	9,500
Other income		-	1,810		3,082
Net income (loss)	103,584	\$ (87,690)	917,351	(158,274)	\$ (507,639)
Net income (loss) per share:					
Basic	\$ 0.01	\$ (0.01)	\$ 0.07	(0.01)	
Diluted	\$ 0.01	\$ (0.01)	\$ 0.07	(0.01)	
Weighted average number of shares outstanding:					
Basic	12,546,115	10,850,594	12,537,873	10,740,765	
Diluted	13,476,115	11,680,594	13,458,533	11,570,765	

See accompanying summary of accounting policies and notes to financial statements.

MESA ENERGY, INC.
(An Exploration Stage Company)
Statement of Members and Stockholders' Equity (Deficit)
For the period from Inception (April 25, 2003) to June 30, 2008
(Unaudited)

		Common Stock				
	Members' Equity	Shares	Par Value	Additional Paid-in Capital	Accumulated deficit	Totals
Balances at April 25, 2003 (inception)	\$ -	-	\$ -	\$ -	\$ -	\$ -
Contributions	157,416	-	-	-	-	157,416
Net loss	(152,274)	-	-	-	-	(152,274)
Balances at December 31, 2003	5,142	-	-	-	-	5,142
Contributions	372,673	-	-	-	-	372,673
Draws	(70,000)	-	-	-	-	(70,000)
Imputed Interest	11,508	-	-	-	-	11,508
Net loss	(166,278)	-	-	-	-	(166,278)
Balances at December 31, 2004	153,045	-	-	-	-	153,045
Contributions	94,766	-	-	-	-	94,766
Imputed Interest	5,134	-	-	-	-	5,134
Net loss	(210,929)	-	-	-	-	(210,929)
Balances at December 31, 2005	42,016	-	-	-	-	42,016
Contributions	22,743	-	-	-	-	22,743
Net loss from January 1, 2006 to March 3, 2006	(50,495)	-	-	-	-	(50,495)
Merger with Mesa Energy, Inc. (Co.)	(14,264)	10,000,000	10,000	584,240	(579,976)	-
Fair value of options and warrants issued for services	-	-	-	19,075	-	19,075
Shares issued for cash	-	629,715	630	264,770	-	265,400
Net loss from March 4, 2006 to December 31, 2006	-	-	-	-	(338,074)	(338,074)
Balances at December 31, 2006		10,629,715	10,630	868,085	(918,050)	(39,335)

See accompanying summary of accounting policies and notes to financial statements.

MESA ENERGY, INC.
(An Exploration Stage Company)
Statement of Members and Stockholders' Equity (Deficit), continued
For the period from Inception (April 25, 2003) to June 30, 2008
(Unaudited)

Shares issued for cash	\$	-	416,400	\$	416	\$	207,784	\$	-	\$	208,200
Discount on convertible debt		-	-		-		187,427		-		187,427
Net loss		-	-		-		-		(506,940)		(506,940)
Balances at December 31, 2007		-	11,046,115		11,046		1,263,296		(1,424,990)		(150,648)
Shares issued for purchase of stock of Poydras Energy Partners, LLC		-	1,500,000		1,500		748,500		-		750,000
Warrants issued with sale of oil and gas property		-	-		-		31,071		-		31,071
Net income		-	-		-		-		813,767		813,767
Balances at March 31, 2008	\$	-	12,546,115	\$	12,546	\$	2,042,867	\$	(611,223)	\$	1,444,190
Net income		-	-		-		-		103,584		103,584
Balances at June 30, 2008	\$	-	12,546,115	\$	12,546	\$	2,042,867	\$	(507,639)	\$	1,547,774
Balances at June 30, 2008											

See accompanying summary of accounting policies and notes to financial statements.

MESA ENERGY, INC.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
Six Months Ended June 30, 2008 and 2007
and the period from Inception (April 25, 2003) to June 30, 2008
(Unaudited)

	For the Six Months Ended June 30,		Inception to June 30, 2008
	2008	2007	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 917,352	\$ (158,274)	\$ (507,638)
Adjustments to reconcile net income to net cash provided by operating activities:			
Imputed interest	-	13,489	16,642
Amortization of debt discount	-	-	187,427
Depreciation and impairment expense	-	-	32,716
Options and warrants issued for services	-	-	19,075
Changes in operating assets and liabilities:			
Accounts payable	33,087	(66)	51,585
Accrued expenses	19,521	645	101,882
Recompletion Deposits	300,000	-	300,000
CASH (USED) BY OPERATING ACTIVITIES	1,269,960	(144,206)	201,689
CASH FLOWS FROM INVESTING ACTIVITIES			
Oil and gas development costs	444	(36,794)	(737,237)
Proceeds from sale of assets	-	-	50,000
Purchases of fixed assets	(183,377)	-	(188,580)
Prepaid Asset Retirement Cost	(600,830)	-	(600,830)
CASH PROVIDED (USED) FOR INVESTING ACTIVITIES	(783,763)	(36,794)	(1,476,647)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the sale of stock	-	100,000	473,600
Borrowings on debt from related parties	-	25,000	680,400
Borrowings on debt	-	-	250,000
Plugging Liability Reserve	389,677	-	389,677
Common Stock - Par	1,500	-	1,500
Members contributions	-	-	647,598
Members distributions	-	-	(70,000)
Principal payments on debt from related parties	(36,000)	-	(229,000)
Additional Paid-in Capital	779,571	-	779,571
CASH PROVIDED BY FINANCING ACTIVITIES	1,134,748	125,000	2,923,346
NET CHANGE IN CASH	1,620,946	(56,000)	1,648,389
CASH AT BEGINNING OF PERIOD	27,443	67,230	-
CASH AT END OF PERIOD	\$ 1,648,389	\$ 11,230	\$ 1,648,389

See accompanying summary of accounting policies and notes to financial statements.

MESA ENERGY, INC.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows, continued
Six Months Ended June 30, 2008 and 2007
and the period from Inception (April 25, 2003) to June 30, 2008
(Unaudited)

Supplemental disclosures of cash flow information:

Cash paid for interest	\$ 22,510	\$ 15,042	\$ 51,704
Cash paid for income taxes	\$ -	\$ -	\$ -

Non-cash disclosures:

Note payable issued for purchase of Poydras Energy Partners, LLC	\$ 100,000	\$ -	\$ 100,000
Common stock issued for purchase of Poydras Energy Partners, LLC	\$ 750,000	\$ -	\$ 750,000
Warrants issued with the sale of oil and gas property	\$ 31,071	\$ -	\$ 31,071
Revision of asset retirement obligation	\$ -	\$ -	\$ 6,622
Increase in asset retirement obligation	\$ -	\$ -	\$ 14,862

See accompanying summary of accounting policies and notes to financial statements.

Mesa Energy, Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of financial statement presentation

The accompanying unaudited interim consolidated financial statements have been prepared by Mesa Energy, Inc. in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The information furnished in the interim consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. These interim consolidated financial statements should be read in conjunction with Mesa Energy's most recent audited consolidated financial statements and notes thereto dated December 31, 2007.

Organization and nature of operations

Mesa Energy, Inc. was originally incorporated as North American Risk Management, Inc. on January 24, 2001 in the State of Colorado. On February 13, 2006, the name was changed to Mesa Energy, Inc. On March 3, 2006, Mesa Energy, Inc. was the surviving entity in a merger with Mesa Energy, LLC, a Texas limited liability company, which was formed April 25, 2003 to serve as an independent exploration and production company. Subsequently, the company was reincorporated in the State of Nevada by merging into Mesa Energy, Inc., a Nevada corporation on March 13, 2006. The company is engaged primarily in the acquisition, development, production, exploration for, and the sale of, oil and gas and the associated liquids.

Mesa's primary oil and gas drilling and production operations are conducted through our wholly owned subsidiary, Mesa Energy Operating, LLC, a Texas limited liability company qualified as an operator in Texas, Oklahoma and Wyoming. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Oil and gas properties

Mesa uses the successful efforts method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves, to drill and equip development wells and related asset retirement costs are capitalized. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed.

Unproved oil and gas properties that are individually significant are periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment allowance. Other unproved properties are amortized based on the Company's experience of successful drilling and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated residual salvage values, are depreciated and depleted by the unit-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives.

On the sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion, and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion, and amortization with a resulting gain or loss recognized in income.

On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

Recently issued accounting pronouncements

Mesa does not expect the adoption of recently issued accounting pronouncements to have a significant impact on Mesa results of operations, financial position or cash flows.

NOTE 2 – GOING CONCERN

As indicated in the accompanying consolidated financial statements, Mesa has incurred recurring losses from operations resulting in an accumulated deficit during the exploration stage of \$507,638 and currently has no source of recurring revenue. Mesa has working capital of \$493,520 at June 30, 2008. These conditions raise substantial doubt as to Mesa's ability to continue as a going concern. To finance Mesa's net losses, early stage stock has been sold and officers and directors have funded Mesa through notes payable (see Note 4). There can be no assurance that additional stock can be sold or that the officers and directors will have the ability to continue to make financing available to Mesa in the future. The officers and directors are under no legal obligation to provide additional loans to the company. In the event that the officers cannot continue to make such loans; create a source of recurring revenues; or that Mesa does not receive funds from other sources, Mesa may be unable to continue to operate as a going concern. The financial statements do not include any adjustments that might be necessary if Mesa is unable to continue as a going concern.

NOTE 3 – OIL AND GAS PROPERTIES

All of Mesa's oil and gas properties are located in the United States. No depletion expense was recorded during the period from inception through June 30, 2008 as no production or sales occurred.

The carrying values, net of impairment, at June 30, 2008 of Mesa's oil and gas properties are:

<u>Prospect</u>	<u>Net Carrying Value</u>
Main Pass 35 Project	\$ -
Coal Creek Prospect	206,085
Frenchy Springs Prospect	462,252
IP #1	-
Total	\$ <u>668,337</u>

Costs excluded from amortization at June 30, 2008 were:

<u>Year Incurred</u>	<u>Acquisition Costs</u>	<u>Exploration Costs</u>	<u>Impairment</u>	<u>Total</u>
2006 and prior	\$ 236,963	\$ 421,598	\$ -	\$ 658,561
2007	-	37,360	(27,140)	10,220
2008	-	1,000	-	1,000
Total	\$ <u>236,963</u>	\$ <u>459,958</u>	\$ <u>(27,140)</u>	\$ <u>669,781</u>

Mesa holds oil and gas lease interests in Louisiana, Mississippi, Oklahoma and Wyoming. The leases are classified as "Properties not subject to amortization" in Mesa's financial statements. Mesa evaluates each of its properties upon completion of drilling and assessment of reserves to either classify as "Properties subject to amortization" or impair the properties.

Main Pass 35 Project – Plaquemines Parish, Louisiana

On January 1, 2008, Mesa Energy, Inc. acquired Poydras Energy Partners, LLC, a Louisiana operating company, along with its principal asset, the Main Pass 35 Project. The Project has been shut down since Hurricane Katrina.

The wells were undamaged but there was extensive damage to the processing facility. Poydras Energy Partners, LLC, will operate the property as a wholly owned subsidiary of Mesa. Mesa owns a net working interest of 30% in the project.

The purchase price was \$850,000, paid as follows: (a) \$100,000 as a note payable and (b) 1,500,000 shares of our common stock, representing shares having a value of \$750,000 based on the current selling price for our common stock.

The acquisition has been accounted for in accordance with the provisions of Statement of Financial Standards No. 141, "Business Combinations." The total purchase price was allocated to the net tangible assets based on the estimated fair values. No goodwill was recorded as there was no excess of the purchase price over the net tangible assets. The allocation of the purchase price was based upon valuation data as of January 1, 2008. The allocation of the purchase price is as follows:

Assets:	
Cash and equivalents	\$ 1,326
Oil and gas properties	745,309
Other assets	600,830
Liabilities:	
Accounts payable	(2,288)
Notes payable	(105,500)
Other long term liabilities	(389,677)
	<u>\$ 850,000</u>

Rehabilitation of the Main Pass 35 processing facility has begun and production is expected to be re-established in the third quarter of 2008.

Frenchy Springs Prospect – Johnson County, Wyoming

The Frenchy Springs Prospect is located on the west flank of the Powder River Basin on federal lands approximately seven miles northwest of the town of Midwest in Johnson County, Wyoming.

The initial test well, the Mesa Energy #23-22, was drilled by Mesa Energy Operating, LLC, in August, 2006. Two out of five potential productive zones have been tested and determined to be uneconomical. Mesa continues to evaluate the remaining three zones. Weather and environmental restrictions do not allow work on the location during the period from February through July of each year limiting the time available for development of the well on location. Additional geological and engineering testing was done in May of 2008, and additional completion efforts in the unevaluated zones are planned for fall 2008.

On January 4, 2007, Mesa sold a 10% working interest in the prospect to a third party for \$50,000 reducing Mesa's overall working interest to 50%. Proceeds from the sale of the working interest were recorded as a reduction in oil and gas properties. No gain or loss was recognized for the sale of the partial working interests in accordance with FAS 19 *Financial Accounting and Reporting by Oil and Gas Producing Companies*. Mesa Energy Operating, LLC, is the operator of the Frenchy Springs Prospect.

NOTE 4 – SHORT-TERM DEBT - RELATED PARTIES

At June 30, 2008, short-term debt consisted of two notes payable to related parties for cash loaned to the company. These notes total \$451,400, are payable to entities owned by the founders and bear interest at a rate of 6% per annum with principal and interest to mature on March 31, 2009. Two notes totaling \$100,000 and \$41,500 payable to Mesa's CEO were retired on April 4, 2008. A note payable of \$100,000 related to expenses paid by Mesa's new Executive Vice President on Poydras' behalf prior to the acquisition of Poydras by Mesa was also retired on April 4, 2008.

NOTE 5 – CONVERTIBLE PROMISSORY NOTE

Mesa borrowed \$250,000 under a convertible note from a private investor and consultant to the company. This note bears interest at 12% per annum and matured on September 30, 2007, but was extended until

September 29, 2008. The note provides the investor the right to convert any or all of the outstanding debt to Mesa Energy common shares, at \$0.50 per share, any time prior to the maturity date. Attached to the note are three year warrants for 300,000 common shares of Mesa Energy stock exercisable at \$0.50 per share.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Mesa is not currently involved in any pending legal proceedings.

Mesa is subject to cash calls related to its various investments in oil and gas prospects. The potential cash calls are in the normal course of business for Mesa's oil and gas interests. Mesa will require funds in excess of its net cash flows from operations to meet its cash calls for its various interests in oil and gas prospects to explore, produce, develop, and eventually sell the underlying natural gas and oil products.

NOTE 7 – STOCKHOLDERS' EQUITY

On March 3, 2006, Mesa Energy, LLC, merged with Mesa Energy, Inc., a Colorado corporation. Mesa Energy, Inc. (Colorado) (formerly known as North American Risk Corporation, Inc.) issued 9,100,000 shares in exchanges for all of the assets and liabilities of Mesa Energy, LLC.

On March 13, 2006, the combined entity merged with Mesa Energy, Inc., a Nevada Corporation, Mesa Energy, Inc. (Nevada) issued 900,000 shares of common stock on a 1:1 basis to Mesa Energy, Inc. (Colorado).

Neither new entity had any assets, liabilities or operations. Both of the above transactions were accounted for as recapitalizations of Mesa.

During the year ended December 31, 2006, Mesa issued 629,715 shares of common stock for cash proceeds of \$265,400 in a series of transactions. Mesa also issued 30,000 warrants for services. The options and warrants were valued at \$19,075 using the Black Scholes Model.

During the year ended December 31, 2007, Mesa issued 416,400 shares of common stock for cash proceeds of \$208,200.

On January 17, 2008, Mesa granted 100,000 warrants to the Sharon Wilensky Revocable Trust, an affiliate of Roky Operating, LLC, as additional consideration in connection with Roky's acquisition of a 40% working interest in an oil and gas property from Mesa. Mesa determined the relative fair value of the warrants under the Black-Scholes valuation model to be \$31,071, which was recorded as additional basis in the Main Pass 35 Project. The parameters used in the Black-Scholes valuation model were: a risk-free interest rate of 2.46%; the current stock price on the date of issuance of \$0.50 per common share; the exercise price of the warrants of \$0.50 per share of common stock; an expected term of three years; volatility of 98.65% and an expected dividend yield of 0.0%.

On January 25, 2008, Mesa issued 1,500,000 shares of common stock to entities controlled by David L. Freeman in exchange for a 50% member interest in Poydras Energy Partners, LLC.

On March 20, 2008, Mesa's Articles of Incorporation were amended to increase its total number of authorized common shares to 100,000,000 and to establish 10,000,000 authorized preferred shares.

NOTE 8 – MATERIAL EVENTS

On January 1, 2008, Mesa Energy, Inc. acquired Poydras Energy Partners, LLC, a Louisiana operating company, along with its principal asset, the Main Pass 35 Project. The Project has been shut down since Hurricane Katrina. The wells were undamaged but there was extensive damage to the processing facility. Poydras Energy Partners, LLC, will operate the property as a wholly owned subsidiary of Mesa.

Mesa acquired 50% of its interest in Poydras from its Chief Executive Officer in exchange for a \$100,000 promissory note from Mesa. The note bears interest at 6% and was due on March 31, 2008. Mesa also issued 1,500,000 shares of common stock valued at \$750,000 to acquire the remaining 50% interest from affiliates of David Freeman, Freeman Energy, LLC (1,000,000 shares) and HS Investments (500,000 shares) on

January 25, 2008. On January 1, 2008, Mesa entered into an employment agreement with Mr. Freeman as its Executive Vice-President of Oil & Gas Operations.

Following Mesa's acquisition of Poydras as a wholly owned subsidiary, Poydras entered into two Participation Agreements with respect to the Main Pass 35 Project. One of the Participation Agreements was with Roky Operating, LLC, which acquired a 40% working interest (30% net revenue interest) in the project and 100,000 warrants of Mesa's common stock. The total proceeds from the transaction were \$2,500,000. Mesa received \$300,000 in January, 2008, \$1,900,000 in April, 2008, and the balance of \$300,000 in June, 2008.

Roky Operating, LLC was originally located by Trident Capital Funding, who Mesa previously contracted with to locate an investor in the Main Pass 35 Project for a \$300,000 finder's fee upon closing of the transaction. This fee was paid on June 30, 2008.

Mesa recorded \$300,000 of the \$2,500,000 in total proceeds as advances from joint interest owners. The remaining \$2,200,000 receivable was attributable to the sale of the 40% working interest. Under successful efforts accounting, Mesa first allocated the \$2,200,000 of sales proceeds to the carrying value of the properties of \$776,380, which reduced the carrying value to zero. The remaining balance of \$1,423,620 was recorded as gain on sale of properties.

The other Participation Agreement was with Hayhurst Investments, Ltd. ("Hayhurst"), which acquired a 3% working interest (2.25% net revenue interest) for \$90,000, of which \$50,000 was paid to Poydras prior to the end of 2007 and \$40,000 was paid to Mesa in January of 2008 after the closing of its acquisition of Poydras. \$40,000 recorded as gain on sale of assets represented the balance of proceeds from the sale of 3% of the project to Hayhurst. In addition, Hayhurst was granted an option to acquire up to an additional 7% working interest (5.25% net revenue interest) in the Main Pass 35 Project. The option originally was to expire on March 31, 2008, but was extended through and including April 30, 2008. Pursuant to a verbal extension, the option was exercised on May 1, 2008.

NOTE 9 – SUBSEQUENT EVENTS

Rehabilitation of the Main Pass 35 processing facility is underway and production is expected to be re-established in the third quarter of 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with the audited financial statements and related notes for December 31, 2007, and prior years as well as the reviewed but unaudited financial statements and related notes for March 31, 2008, both of which are included elsewhere in this Offering Circular. Certain statements in this discussion and elsewhere in this report constitute forward-looking statements within the meaning of Section 21E of the Exchange Act. See "Forward Looking Statements" elsewhere in this Offering Circular. Because this discussion involves risk and uncertainties, our actual results may differ materially from those anticipated in these forward-looking statements.

A Note About Forward-Looking Statements

The statements, other than statements of historical fact, included in this report are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "plan," "seek," or "believe." We believe that the expectations reflected in such forward-looking statements are accurate. However, we cannot assure you that such expectations will occur. Our actual future performance could differ materially from such statements. You should not unduly rely on these forward-looking statements, which speak only as of the date of this report. Except as required by law, we are not obligated to release publicly any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events.

Overview

Selected Financial Information Line Item Explanations

The following discussion and analysis provides information which management believes is relevant for an assessment and understanding of our reviewed but unaudited financial condition and results of operations for June 30, 2008. The discussion should be read in conjunction with our audited financial statements and related notes for prior years and the other financial information included elsewhere in this report.

Poydras acquisition and sale of working interests

On January 1, 2008, we acquired Poydras Energy Partners, LLC, a Louisiana limited liability company, ("Poydras"). Poydras is a New Orleans-based oil & gas operating company, whose primary asset is a leasehold interest in the Main Pass 35 Field, Plaquemines Parish, Louisiana (the "Main Pass 35 Project"). The Main Pass 35 Project was producing approximately 155 barrels of oil per day prior to being shut down in advance of Hurricane Katrina. The wells were undamaged but there was extensive damage to the processing facility. The previous owner of the property is a public company that is now focused on deep-water, offshore drilling and production. It chose to sell this property because its attention has shifted to the deep-water Gulf of Mexico, making this property a non-core asset for it. Our technical team believes that the processing facility can be repaired and the wells put back into production in a 90- to 120-day period.

We acquired a 50% member interest in Poydras from David L. Freeman, our Executive Vice President – Oil & Gas Operations. In exchange, we issued 1,500,000 shares of our restricted common stock to entities controlled by him. The remaining 50% member interest in Poydras was acquired from our Chairman and CEO, Randy M. Griffin. For his member interest in Poydras, we issued a \$100,000 promissory note to him, which we paid in full on April 4, 2008. The consideration paid to Mr. Griffin was his cost basis in such member interest, which he had recently acquired specifically for the transfer of such interest to us.

Subsequent to our acquisition of Poydras, which became a wholly owned subsidiary of ours, Poydras entered into two Participation Agreements with respect to the Main Pass 35 Project. One of the Participation Agreements was with Roky Operating, LLC, which acquired a 40% working interest (30% net revenue interest). We recorded \$300,000 of the \$2,500,000 total proceeds from the sale to Roky as Advances from Joint Interest Owners. The remaining \$2,200,000 receivable was attributable to the sale of the 40% working interest. Under "successful efforts" accounting, we first allocated the sale price to the carrying value of the property (\$776,380), which reduced it to zero. The remaining balance of \$1,423,620 was recorded as gain on sale of assets. \$1,900,000 of the receivable was received on April 4, 2008, and the remaining \$300,000 was received on June 25, 2008.

The other Participation Agreement was with Hayhurst Investments, Ltd. ("Hayhurst"), which acquired a 3% working interest (2.25% net revenue interest) for \$90,000, of which \$50,000 was paid to Poydras prior to the end of 2007 and \$40,000 was paid to Mesa in January of 2008 after the closing of its acquisition of Poydras. \$40,000 was recorded as gain on sale of assets representing the balance of proceeds from the sale of 3% of the project to Hayhurst. In addition, Hayhurst was granted an option to acquire up to an additional 7% working interest (5.25% net revenue interest) in the Main Pass 35 Project. The option original was to expire on March 31, 2008, but was extended through and including April 30, 2008. Pursuant to a verbal extension, the option was exercised on May 1, 2008.

Revenue

Mesa Energy, Inc., is an exploration stage company and, as of the date of this Offering Circular, has not yet commenced production. Management believes that production from existing properties is anticipated to commence in the third quarter of 2008.

Operating Expenses

Operating expenses to date have consisted primarily of legal and professional expenses consisting of audits, filings and promotional and other expenses related to our public company efforts, as well as legal, prospect, and finance fees related to the acquisition of Poydras Energy Partners, LLC, and the Main Pass 35 Project and the subsequent sale of 50% of the working interest to Roky and Hayhurst.

Other Expenses

Other expenses consist of interest income and interest expense. Interest expense is from interest paid on our convertible note as well as the accrual of interest on related party debt.

Comparison between Fiscal Years Ended December 31, 2007 and 2006

Revenue

Mesa Energy, Inc. is an exploration stage company and, as of the date of this Offering Circular, has not yet commenced production. Management believes that production from existing properties is anticipated to commence in the third quarter of 2008.

Operating Expenses

Operating expenses for the year ended December 31, 2007 was \$261,077, a decrease of \$108,108 from \$369,185 for the year ended December 31, 2006. The decrease was primarily due to higher legal and professional fees and other general and administrative expenses having been incurred in 2006 for work related to Mesa's public filings. We will continue our efforts to manage administrative costs going forward.

Interest Income and Expense

Interest expense was \$246,350 for the year ended December 31, 2007 as compared to interest expense of \$23,798 for the year ended December 31, 2006, an increase of \$222,552. The increase was due to interest on the convertible debt of \$250,000 and related party debt of \$487,400, and \$187,427 of non-cash debt discount charged to interest expense related to warrants issued in association with the convertible debt referenced above. Interest income for the same periods was immaterial.

Income Tax Provision

No provision for income taxes has been made due to our net operating loss carry-forwards from prior years.

Depreciation and Amortization

Depreciation, depletion, amortization, accretion and impairment expense for the year ended December 31, 2007 was \$28,554, primarily due to the expiration of non-essential mineral leases.

Comparison between Six Months Ended March 31, 2008 and 2007

Revenue

Mesa Energy, Inc. is an exploration stage company and, as of the date of this Offering Circular, has not yet commenced production. Management believes that production from existing properties is anticipated to commence in the third quarter of 2008.

Poydras acquisition and sale of working interests

On January 1, 2008, Mesa Energy, Inc. acquired Poydras Energy Partners, LLC, a Louisiana operating company, along with its principal asset, the Main Pass 35 Project. The Project has been shut down since Hurricane Katrina. The wells were undamaged but there was extensive damage to the processing facility. Poydras Energy Partners, LLC, will operate the property as a wholly owned subsidiary of Mesa. Mesa owns a net working interest of 30% in the project.

The purchase price was \$850,000, paid as follows: (a) \$100,000 as a note payable and (b) 1,500,000 shares of our common stock, representing shares having a value of \$750,000 based on the current selling price for our common stock.

Also in the first quarter of 2008, Mesa consummated sales of 43% of its Main Pass 35 project. 40% of the project was sold to Roky Operating, LLC. Mesa recorded \$300,000 of the \$2,500,000 in total proceeds from the Roky sale as advances from joint interest owners. The remaining \$2,200,000 receivable was attributable to the sale of the 40% working interest. Under successful efforts accounting, Mesa first allocated the sale price to the carrying value of the property of \$776,380, which reduced it to zero. The remaining balance of \$1,423,620 was recorded as gain on sale of assets. \$1,900,000 of the receivable was received on April 4, 2008, and the remaining \$300,000 was received on June 25, 2008.

The remaining \$40,000 recorded as gain on sale of assets represented the balance of proceeds from the sale of 3% of the project to Hayhurst.

Operating Expenses

Operating expenses for the six months ended June 30, 2008 were \$(946,966), a decrease of \$1,077,120 from \$130,154 for the six months ended June 30, 2007. The decrease was primarily due to the gain associated with the sale of the Main Pass Project working interest.

Interest Income and Expense

Interest expense was \$39,626 for the six months ended June 30, 2008, as compared to interest expense of \$28,531 for the six months ended June 30, 2007, an increase of \$11,095. The increase was due to additional related party debt incurred in the second half of 2007. The difference in interest income for the same periods was immaterial.

Income Tax Provision

No provision for income taxes has been made due to our net operating loss carry-forwards from prior years.

Depreciation and Amortization

Depreciation, amortization, and impairment expense of \$148 was recognized for the six months ended June 30, 2008 compared to depreciation, amortization and impairment expense of \$0 for the six months ended June, 2007, an increase of \$148.

Comparison between Three Months Ended June 30, 2008 and 2007

Revenue

Mesa Energy, Inc. is an exploration stage company and, as of the date of this Offering Circular, has not yet commenced production. Management believes that production from existing properties is anticipated to commence in the third quarter of 2008.

Operating Expenses

Operating expenses for the three months ended June 30, 2008 were \$(116,979), a decrease of \$190,542 from \$73,563 for the three months ended June 30, 2007. The decrease was primarily due to the gain associated with exercise of the option to purchase 7% of the working interest in the Main Pass Project by Hayhurst.

Interest Income and Expense

Interest expense was \$21,220 for the three months ended June 30, 2008, as compared to interest expense of \$14,311 for the three months ended June 30, 2007, an increase of \$6,909. The increase was due to additional related party debt incurred in the second half of 2007. The difference in interest income for the same periods was immaterial.

Income Tax Provision

No provision for income taxes has been made due to our net operating loss carry-forwards from prior years.

Depreciation and Amortization

Depreciation, amortization, and impairment expense of \$74 was recognized for the three months ended June 30, 2008 compared to depreciation, amortization and impairment expense of \$0 for the three months ended June, 2007, an increase of \$74.

Liquidity and Capital Resources

Overview

As of December 31, 2007, our working capital deficit balance was \$810,816, as compared to a working capital deficit of \$709,232 as of December 31, 2006. The increase in working capital deficit was attributable to an increase in related party debt due to additional loans from our CEO.

As of June 30, 2008, we have a working capital surplus of \$493,520 as compared to a working capital deficit of \$810,816 as of December 31, 2007. Our current assets increased by \$1,620,946 for the period ended June 30, 2008, as compared to the period ended December 31, 2007. This increase was mainly due to the proceeds associated with the sale of 50% of the Main Pass Project, which also created the change in working capital.

As of December 31, 2007, the outstanding balance of principal and accrued interest on our related and unrelated party debt was \$786,962. As of June 30, 2008, the outstanding balance of principal and accrued interest on our related and unrelated party debt was \$768,080, a decrease of \$18,882. This decrease was due to a reduction in related party debt.

Historically, our sources of liquidity primarily have been cash from debt and the sale of common stock. In the third quarter of 2008, we expect to commence production from our oil and gas properties resulting in significant revenue from operations. We cannot, however, be certain that cash generated from future operations will be adequate to support our working capital requirements.

Cash and Accounts Receivable

Cash decreased \$39,788 as of December 31, 2007, compared to December 31, 2006. This was primarily due to oil and gas development costs as well as legal and professional fees related to our public company listing and promotion efforts. As of December 31, 2007 and 2006 there was no accounts receivable.

Cash increased by \$1,620,946 at June 30, 2008 compared to December 31, 2007, primarily due to the sale of 50% of the Main Pass 35 Project.

Liabilities

Accounts payable and accrued expenses increased by \$45,796 to \$70,859 at December 31, 2007 from \$25,063 at December 31, 2006 and by \$52,610 to \$123,469 at June 30, 2008, from \$70,859 at December 31, 2007, in each case largely due to the timing of payments of outstanding invoices and interest accruals on related party debt.

The outstanding balance of \$250,000 in convertible debt did not change in 2007 or in the first half of 2008. Notes Payable to related parties increased \$36,000 from \$451,400 on December 31, 2006 to \$487,400 on December 31, 2007 as a result of loans from our CEO. This balance decreased by \$36,000 as of June 30, 2008 to \$451,400 as a result of a pay-down of the principal balance owed to our CEO.

Cash Flows

For the six months ended June 30, 2008, net cash from operating activities of \$1,269,960 resulted primarily from net income of \$917,352 plus the receipt of all proceeds related to the sale of working interest in the Main Pass 35 Project.

For the year ended December 31, 2007, net cash used by operating activities of \$265,163 resulted from a net loss of \$506,940, plus a non-cash amortization of debt discount of \$187,427, decreases in accounts payable and accrued expenses. Net cash used by operating activities of \$285,246 for the year ended December 31, 2006, resulted primarily from a net loss of \$388,569.

For the six months ended June 30, 2008, net cash used for investing activities was \$783,763 compared to net cash used for investing activities of \$36,794 for the same period in 2007. The principal investing activity in the first half of 2008 relates to the booking of prepaid Asset Retirement Cost as well as the acquisition of fixed assets associated with the reconstruction of the Main Pass 35 processing facility whereas the principal activities in the first quarter of 2007 were capital expenditures on our Frenchy Springs oil and gas project.

For the year ended December 31, 2007, net cash used in investing activities was \$18,825, compared to \$428,197 for the year ended December 31, 2006. Net cash used for the year ended December 31, 2006 was for oil and gas development costs.

For the six months ended June 30, 2008, net cash provided by financing activities increased by \$1,009,748 compared to net cash provided by financing activities for the six months ended June 30, 2007, primarily as a result of the proceeds of the sale of 50% working interest in the Main Pass 35 project and the booking of a plugging liability reserve related thereto.

Net cash provided by financing activities totaled \$244,200 for the year ended December 31, 2007, compared to net cash provided by financing activities of \$768,543 for the year ended December 31, 2006. The difference is due to a significant reduction in borrowing on related and unrelated party debt in 2007 compared to 2006.

Off-Balance Sheet Arrangements

We have no off-balance sheets arrangements.

BUSINESS

History

Mesa Energy, Inc., is a company whose predecessor entity, Mesa Energy, LLC, was formed in April 2003 to engage in the oil and gas industry. The Company's primary oil and gas drilling and production operations are conducted through its wholly owned subsidiaries, Mesa Energy Operating, LLC, a Texas limited liability company ("Mesa Operating") and Poydras Energy Partners, LLC, a Louisiana limited liability company ("Poydras"). Mesa Operating is a licensed/qualified operator in the states of Texas, Oklahoma and Wyoming. With the exception of the Main Pass 35 Project, which is operated by Poydras, all field operations of the Company are conducted by Mesa Operating. Both operating entities have in the past, and will continue in the future to employ, on an as-needed basis, the services of drilling contractors, other drilling related vendors, field service companies and professional petroleum engineers as required in connection with the drilling and production operations of the Company.

The Company was originally incorporated as North American Risk Management Incorporated on January 24, 2001 in the State of Colorado. On March 3, 2006, the Company was the surviving entity in a merger with Mesa Energy, LLC, a Texas limited liability company. Subsequently, the Company reincorporated in the State of Nevada by merging with and into Mesa Energy, Inc., a Nevada corporation on March 13, 2006. On March 21, 2008, we filed a Certificate of Amendment of Articles of Incorporation increasing the number of our authorized shares to a total of 110,000,000, of which 100,000,000 shares are designated as common stock, \$0.001 par value per share, and 10,000,000 shares are designated as preferred stock, \$0.001 par value per share. The Amended Articles of Incorporation provide that our Board of Directors shall designate and fix the rights, privileges, preferences, and restrictions attributable to the preferred stock. At the present time, no rights, privileges, preferences, or restrictions have been designated or fixed and no preferred shares are outstanding.

Our principal executive offices are located at 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254. Our telephone number is 972-490-9595.

General Philosophy

Our business plan is to build a strong, balanced and diversified portfolio of oil and gas reserves and production revenue through the acquisition of solid, long-term existing production with enhancement potential and the development of highly diversified, multi-well developmental and defined-risk exploratory drilling opportunities. We expect this approach to result in steady reserve growth, strong earnings and significant capital appreciation.

We intend to operate, or directly control the operation of, through our wholly-owned subsidiaries Mesa Operating or Poydras, or their designees, all properties that we own or acquire. In our opinion, the lack of control resulting from leaving operational control in the hands of third parties substantially increases the risks associated with oil and gas drilling, development and production.

We believe that a successful oil and gas development program should include:

- Diversification – variety of location, depth, supporting data, oil vs. gas
- Volume – ownership of and/or participation in a large number of wells
- Potential – multiple opportunities for high rates of return

We plan for our portfolio to ultimately consist of a balanced and diversified mix of multiple asset components that will include existing production plus developmental and defined-risk exploratory drilling opportunities with special emphasis on the three keys to success as outlined above.

Employees

As of June 30, 2008, we had three full-time employees and one part-time employee, including our executive officers. We believe the relationship we have with our employees is good.

Description of Corporate Offices

Our corporate offices are currently located in Spring Valley Center, a six-story office complex at 5220 Spring Valley Road, Dallas, Texas 75254. The current lease for our office space (Suite 525) expires September 30, 2008. The existing office space covers 1,492 square feet with a monthly rent of \$2,292. It is anticipated that our business plan will necessitate more office space in the near future. Our management believes that there is ample space to accommodate such growth in the existing building complex or in a number of surrounding commercial office buildings.

Present Activities

Main Pass 35 Project – Plaquemines Parish, Louisiana

In January, 2008, Mesa Energy, Inc. acquired Poydras Energy Partners, LLC, a New Orleans based Louisiana operating company along with the Main Pass 35 Project. The Project was producing approximately 150 barrels of oil per day prior to being shut down in advance of Hurricane Katrina. The wells were undamaged but there was extensive damage to the processing facility. The previous owner of the property is a public company that is now focused on deep-water, Gulf of Mexico drilling and production. They chose to sell this property because their attention has shifted to their deep-water activities making this property a non-core asset.

The project includes at least two, high-potential re-completion opportunities as well as an offset oil PUD (proved undeveloped) location and both shallow and deep gas potential. In addition, we believe that we can offer third party processing services to other producers in the area which could generate significant additional revenue for the company. Poydras Energy Partners, LLC, will operate the property as a wholly owned subsidiary of Mesa.

Rehabilitation of the processing facility is underway. We expect to put the previously producing wells back into production in the third quarter of 2008 and to re-complete high-potential zones in two non-producing well-bores later this year. In addition, we will begin engineering and geological studies to evaluate potential natural gas drilling opportunities on the property as well as the possible drilling of offset oil PUD locations.

Estimated un-risked reserves for oil, in barrels of oil (“BO”), and gas, per thousand cubic feet (“MCF”), to Mesa’s 30% net interest per third party report effective December 31, 2007 (Unaudited) is:

▪	Proved Producing (Shut-In)	109,510 BO	
▪	Proved – Behind Pipe	30,724 BO	34,650 MCF
▪	Proved Undeveloped	<u>22,301 BO</u>	<u>19,440 MCF</u>
▪	Totals	<u>162,535 BO</u>	<u>54,090 MCF</u>

In addition, we are evaluating several other potential acquisitions in the Main Pass area. We cannot provide any assurance that we will close any or all of such potential acquisitions or that, if closed, we will have the economic ability to exploit such opportunities, or that any of such acquisitions will prove profitable.

Coal Creek Prospect – Sequoyah County, Oklahoma

The Coal Creek Prospect is a developmental prospect targeting the Brent Sand, a shallow gas reservoir present in the Arkoma Basin of eastern Oklahoma. Approximately 800 acres are under lease near the town of Muldrow, Oklahoma, and the acreage includes the Cook #1, a completed and tested gas well awaiting pipeline hook-up.

On December 26, 2007, Mesa Energy, Inc. closed a “farm-out” transaction with Wentworth Operating Company of Edmond, OK, wherein Wentworth will acquire Mesa’s pipeline right-of-way after they construct a natural gas gathering system and approximately three miles of pipeline to connect the Cook #1 and future wells to an Arkansas Oklahoma Gas Company (AOG) sales line to the south. In addition, Wentworth will fund, drill and complete the Gipson #1, a direct offset to the Cook #1 and a twin to the Eglinger #1. The Eglinger #1 was drilled in 1944 in search of oil and encountered gas in two Brent Sand zones between 1,200 and 1,300 feet. It tested 1.5 million cubic feet per day from these intervals. Due to the lack of pipeline access and low gas prices, this well was not completed and was later plugged.

The Gipson #1 will be drilled to a total depth of approximately 4,500' to test not only the Brent Sand but also the Hunton, a highly prolific gas-bearing sand widely produced in this area. We expect the well to be drilled in the third quarter of 2008.

As of the date of this Offering Circular, Mesa owns 100% of the working interest in this project. However, upon completion of the above, Wentworth will earn a 70% working interest in the project. We plan to retain the remaining 30%. We believe there could be at least five additional offset drilling locations and expect those locations to be drilled in late 2008 and early 2009 as part of the overall development plan.

Frenchy Springs Prospect – Johnson County, Wyoming

The Frenchy Springs Prospect is located on the west flank of the Powder River Basin on federal lands about seven miles northwest of the town of Midwest in Johnson County, Wyoming. The prospect lies on trend with and about five miles to the northwest of the Salt Creek Field, one of the largest light, high gravity oil fields in North America, having produced over 687,000,000 barrels of oil and 749 billion cubic feet of gas.

The initial test well, the Mesa Energy #23-22, was drilled by Mesa Energy in August 2006, to a total vertical depth of 4,026'. The deepest zone, the second Wall Creek, showed good potential for both oil and gas and an effort to complete the well took place in early January. However, we were unable to establish production in the second Wall Creek or in one of the up-hole zones. Due to weather issues and environmental restrictions, we deferred further attempts to complete the well until a later date.

Two other shallow zones in the well-bore also look prospective. Additional geological and engineering testing took place in May 2008, and we expect to attempt a completion in the shallow zones in Fall 2008. If we are successful, additional developmental wells will be drilled in 2009. Mesa Energy, Inc. owns 50% of the prospect with the balance owned by industry partners including Atlantic Oil and Gas Development, LLC. Mesa Energy Operating, LLC, is the operator of the Frenchy Springs Prospect.

Bendco #1 Re-completion – LaFourche Parish, Louisiana

The Bendco #1 is located in the Valentine Field in LaFourche Parish, Louisiana, in an area of highly prolific oil and gas production. The well was originally drilled in February 2004 by Samson and produced 655 MMCF from two zones at approximately 7,950' before production ceased in September 2007. Our technical team believes that the well was improperly completed, that it "sanded up", and that significant reserves remain.

Our technical also team believes that there is a shallow zone in the well that has the potential for reentry and that an offset "grass roots" well completed in this zone would have potential reserves of up 900 MMCF.

Mesa has entered into an agreement with a geologist that specializes in the Valentine Field to acquire the well and the associated acreage, to jointly reenter the well and attempt to bring it back into production, and to further pursue the drilling of a grass roots well in the shallow zone elsewhere on the acreage.

IP #1 Re-completion - Hancock County, Mississippi

The IP #1 is located in the Ansley Field in Hancock County, Mississippi. This well was originally drilled in 1981 to a depth of 14,800'. It was subsequently re-completed and tested in a couple of up-hole zones with the most recent in 2005 being at a depth of 10,750'. Although there was significant oil production, there was a high water cut. With no disposal facility in the area, the well was deemed by the operator to be uneconomic and was abandoned. Subsequently, the lease expired and ownership of the well-bore reverted to the mineral owner.

The State of Mississippi has recently agreed to allow water produced by the well to be injected back into a different zone in the same well-bore by "annular injection". As a result of that change in policy, the dramatic increase in oil prices and the low cost of putting the well back online, this well should now not only be "economic" but should be highly productive. Mesa has obtained a new lease from the mineral owner and is making preparations to put the well back into production.

Planned Acquisitions and Drilling

Acquisition of Producing Properties:

In keeping with our philosophy of balance and diversification, we are currently evaluating several producing oil and gas properties generating significant monthly net revenue with re-completion and offset developmental well potential. Acquisitions of this type could add proved, developed reserves to Mesa's asset base and provide a strong foundation for future growth. As a result of these acquisitions, we hope to fund our early stage operating expenses and overhead out of revenue.

Acquisition and Drilling of a Defined-risk Exploratory Prospect:

We are currently evaluating a number of defined-risk exploratory prospects with substantial, multi-well potential and intend to acquire and drill, in conjunction with industry partners, one or more of these prospects in the fourth quarter of 2008.

Acquisition of a Low-risk Developmental Drilling Project:

In keeping with our Business Plan, we are currently evaluating a number of shallow gas production and developmental drilling projects with enormous expansion potential. We believe these are very low-risk developmental drilling projects with the potential to drill hundreds of wells and book extensive reserves.

Our current Business Plan calls for the acquisition and early stage development of this type of project in late 2008 with an extensive developmental drilling program to get underway in 2009. Possible targets currently being evaluated include shallow gas drilling in south Louisiana, a Devonian Shale project in the Appalachian Basin and a coal bed methane project in Montana. Many public energy companies have created a vast reserve base and significant stockholder equity with this type of drilling. For an early stage public company looking to build low-risk reserves, this type of developmental drilling can be extremely productive.

In order to complete our analysis, acquire, and develop the properties discussed above, we will be required to raise substantial additional capital in the form of debt or equity or enter into joint ventures with other parties. These activities could substantially dilute existing stockholders, including participants in this offering or make our properties subject to senior liens or other encumbrances.

MANAGEMENT

The following table sets forth information regarding the members of the board of directors and executive officers of the Company:

Name	Age	Position
Randy M. Griffin	55	Chairman of the Board and Chief Executive Officer
Ray L. Unruh	61	President, Secretary, Acting Chief Financial Officer and a Director
David L. Freeman	50	Executive Vice President – Oil and Gas Operations

Our directors have been elected to serve until the next annual meeting of the stockholders and until their respective successors have been elected and qualified or until death, resignation, removal or disqualification. Our Articles of Incorporation provide that the number of directors to serve on the Board of Directors may be established, from time to time, by action of the Board of Directors or stockholders. Vacancies on the Board are filled by a majority vote of the remaining directors on the Board. The Company's executive officers are appointed by and serve at the discretion of the Board.

Randy M. Griffin has served as our Chairman of the Board of Directors and Chief Executive Officer since our inception in March 2006. Mr. Griffin's responsibilities include oversight of the business and administrative activities of our company as well as direction of the ongoing effort to identify, acquire, and develop high-quality drilling and production prospects. He performed the same functions for our predecessor entity, Mesa Energy, LLC, from its inception in April 2003. From March 2001 until March 2003, Mr. Griffin was associated with a Dallas-based group of companies engaged in oil and gas exploration and development, pipeline development and construction, land management and lease acquisition. During that period, he served

as President of Southwest Land Management, L.P., and Americo Gas Pipeline, LLC, where he was responsible for prospect and lease generation, land management and pipeline development. He also served as chief operating officer of an affiliate of those entities, Santa Fe Petroleum, LLC. He was responsible for the development, construction and subsequent sale of a 62-mile natural gas gathering system in Shelby County, Texas, and for the negotiation and closing of the sale of Santa Fe's natural gas production and undeveloped property in Shelby County, a divestiture valued at just under \$30,000,000. In addition, he negotiated the acquisition of Southwest Land Management's acreage position in Hopkins County, Texas, and coordinated the pipeline development and drilling of a discovery well in that field. Mr. Griffin brings 30 years of broad business development and management experience to the Company. Prior to his involvement in the oil and gas industry, he was directly responsible for the development, financing and construction of more than \$30,000,000 worth of multi-family and senior housing projects. As a result of his work in the senior housing arena, he was elected Chairman of the Board of Directors of the Texas Assisted Living Association (TALA), a statewide senior housing trade association, and served two terms in that capacity. He wrote numerous articles in TALA publications regarding senior housing and healthcare issues, spoke on several occasions at conventions and trade shows, and testified on numerous occasions before state legislative committees regarding senior issues. Mr. Griffin graduated from East Texas State University in May of 1975 with a degree in Finance and Business Management.

Ray L. Unruh has served as our President, Secretary, Acting Chief Financial Officer and a Director since our inception in March 2006. Mr. Unruh's responsibilities include oversight and management of company operations including drilling and land management. He performed the same functions for our predecessor entity, Mesa Energy, LLC, from its inception in April 2003. From March 1999 until March 2003, Mr. Unruh served as the Vice-President of Santa Fe Petroleum, L.L.C. and the President of its operating Affiliate, TexTron Southwest, LLC. During that period, he performed a variety of administrative and executive functions for both companies in connection with the oil and gas development and exploration activities undertaken by those companies in Shelby County, Texas. During Mr. Unruh's tenure, TexTron drilled 21 horizontal James Lime wells in Shelby County and Santa Fe became the largest gas producer in Shelby County. Eighteen of 21 wells drilled in that field were commercially successful. As of January 2006, these wells had produced nearly 25 billion cubic feet (BCF) of gas and over 60,000 barrels of oil. In September of 2002, TexTron also drilled a Smackover oil well in Hopkins County, Texas, which was classified as a new field discovery well and has produced, through April 2007, over 459,000 barrels of oil. Mr. Unruh left Santa Fe Petroleum, LLC and TexTron Southwest, LLC, in March 2003 with Mr. Griffin to form and operate Mesa Energy, LLC. Previously, Mr. Unruh performed management and financial consulting services for Texas Northern Oil Company in the early 1990's and Phoenix Resources, LLC, Dallas, Texas, from 1995 to 1998. He owned and operated Red River Energy and Supply Company, an oil field equipment company in the early 1980's. Mr. Unruh has a broad based business background including significant business experience in the real estate industry. He has served as project manager for a residential construction company as well as having acted as developer of office complexes and other commercial real estate projects. In addition he organized and directed the commercial sales division of a diversified real estate company whose annual development budget exceeded \$100,000,000. Mr. Unruh attended Oklahoma State University, where he majored in Business Administration and Finance.

David L. Freeman has served as our Executive Vice President – Oil and Gas Operations since January 1, 2008. Mr. Freeman has over thirty years experience in oil and gas operations, business development and property transactions. In 1976, Mr. Freeman began his career with Shell Oil Company as a Preventative Maintenance Technician. His responsibilities included the repair and maintenance of production equipment on an offshore platform. During this period, Mr. Freeman completed 500 hours of course work with the American Petroleum Institute. In 1980, Mr. Freeman went to work for Gulf Oil/Chevron where he supervised up to 100 personnel for work including downhole/workover/drilling rigs, mechanical, electrical, waterflood/CO₂/caustic soda injection, purchasing, management and budgeting. Mr. Freeman supervised the injection of 40,000 barrels of water daily and maintained 13 water-flood engines and pumps, 18 water-flood wells and 36 turbine meters. He also operated facilities and maintained all production equipment for 125 wells. For another Louisiana oil company, Mr. Freeman supervised maintenance and production activities of 180 company wells including maximizing production, compliance to all governmental laws, safety of personnel, wire-line work, permitting, compressor overhauls, dredging, workovers, pipe terminal, supplying tubulars and equipment for gas-lift optimization, acid jobs and saltwater disposal. One of the projects that Mr. Freeman's team worked on saw an increase in production from 600 bbls/day and 400 mcf/day to 7,000 bbls/day and 20 mmcf/day. On a gas lift optimization and closed-loop system, production increased from 75 bbls/day and zero gas sales to 225 bbls/day and 500 mcf/day. Mr. Freeman implemented a procurement

process for tangibles and intangibles on a project that resulted in a cost savings of \$5,000,000/year and cut chemical usage that resulted in a savings of \$400,000/year. Mr. Freeman's operations background includes supervision of personnel with authority for hiring and dismissal, daily field operations including drilling, completion and production, facilities upgrades, vessel and compressor sizing, permitting, production enhancement, saltwater disposal, water-flood, CO2 injection, gas-lift optimization, slick-line, electric line, acid jobs and field budgeting. All of these activities have been performed in both onshore and offshore environments. Offshore responsibilities have included direct interaction with Minerals Management Service supervisory personnel. Mr. Freeman's multi-disciplined experience has created an extensive network of industry contacts in both oil and gas operations and acquisitions and divestitures. Mr. Freeman's acquisitions background involves all major aspects of onshore and offshore property transactions including evaluations, negotiating purchase and sale agreements, closing documents, due diligence, insurance and transition of operations from seller to buyer. Mr. Freeman received extensive training in Electronics Technology and Business Management at Delgado Junior College, Port Sulphur Vo-Tech School, and Our Lady of Holy Cross College, as well as 500 hours of professional training in petroleum production operations at the Petroleum Institute of Technology (PETEX).

During the past 5 years, none of the above individuals has:

- been convicted in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
- been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
- been the subject of a finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated;
- been the subject of the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited his involvement in any type of business or securities activities; or
- been the subject of bankruptcy proceedings.

Committees

Our Board of Directors does not currently have an Audit Committee, Compensation Committee, or Nominating and Corporate Governance Committee because, due to the Board's composition and our relatively limited operations to date, we have been able to manage the issues normally considered by such committees effectively. From time-to-time, our Board of Directors may undertake to review the need for these committees.

EXECUTIVE COMPENSATION

Director and Officer Remuneration

The aggregate annual remuneration of the three highest paid officers and directors during the Company's past two years and the remuneration through June 30, 2008, for the current fiscal year is set forth in the following chart.

Name and Principal Position	Fiscal Year Ended	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Comp (\$)	Nonqualified Deferred Comp Earnings (\$)	All Other Comp (\$)	Total (\$)
Randy M. Griffin, Chairman and CEO	2008								
	2007								
	2006								
Ray L. Unruh, President and Director	2008								
	2007								
	2006								
David J. Freeman, EVP	2008	20,000							20,000
	2007								
	2006								

Employment Agreements

As of the date of this Offering Circular, all of our employees are employees at will.

Stock Options

No stock options have been granted to employees to date. However, we plan to prepare and implement an employee stock option program in the near future.

Outstanding Warrants

We granted 300,000 warrants to Denton Management Company, LLC, in connection with receipt of proceeds from a Convertible Promissory Note. These warrants are exercisable at \$0.50 per share and expire on September 29, 2009.

On December 15, 2006, we issued 30,000 warrants to two of our non-management employees for services rendered. These warrants are exercisable at \$0.50 per share for a period of up to three years from the date of issuance.

On January 17, 2008, we issued 100,000 warrants to the Sharon Wilensky Revocable Trust, an affiliate of Roky Operating, LLC, as additional consideration in connection with the sale of 40% of the Main Pass 35 Project. These warrants are exercisable at \$0.50 per share for a period of up to three years from the date of issuance.

CERTAIN RELATIONSHIPS AND TRANSACTIONS

There are no material relationships between us and our current directors and executive officers, other than as described below.

On January 1, 2008, we acquired Poydras, along with its principal asset, the Main Pass 35 Project. At the time of the closing of the transaction, the sellers of the member interests in Poydras were David L. Freeman, Executive Vice President – Oil and Gas Operations for the Company, and Randy M. Griffin, our Chairman and CEO. Discussions between the Company and Mr. Freeman regarding the acquisition of Poydras had been ongoing for much of 2007. In late 2007, Mr. Griffin acquired a 50% member interest in Poydras from a third party for \$100,000 with the understanding that Messrs. Freeman and Griffin would convey their interests in Poydras to us. Subsequent to that, Mr. Freeman joined us as an officer and on January 1, 2008, the transaction was consummated. Mr. Freeman received, through entities that he controls, an aggregate of 1,500,000 shares of our restricted common stock in exchange for his 50% member interest in Poydras and Mr. Griffin received a note for \$100,000, which was his cost basis in his 50% member interest in Poydras.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN SECURITY HOLDERS

The following table sets forth information as of the date of this Offering Circular regarding the beneficial ownership of the Company's common stock by each of its executive officers and directors, individually and as a group and by each person who beneficially owns in excess of five percent of the common stock after giving effect to the exercise of warrants or options held by that person.

<u>Name</u> ⁽¹⁾	<u>Number of Shares</u>	<u>Before Offering (%)</u>	<u>After Offering (%)</u> ⁽⁶⁾	
			<u>(Minimum)</u>	<u>(Maximum)</u>
Randy M. Griffin ⁽²⁾	4,428,000	35.29%	34.44%	33.94%
Ray L. Unruh ⁽³⁾	3,713,715	29.60%	28.88%	28.47%
David L. Freeman ⁽⁴⁾	2,500,000	19.93%	19.44%	19.16%
All officers and directors as a group (3 persons) ⁽⁵⁾	10,641,715	84.82%	82.76%	81.57%

- (1) Except as otherwise noted, it is believed by the Company that all persons have full voting and investment power with respect to the shares, except as otherwise specifically indicated. Under the rules of the SEC, a person (or group of persons) is deemed to be a "beneficial owner" of a security if he or she, directly or indirectly, has or shares the power to vote or to direct the voting of such security, or the power to dispose of or to direct the disposition of such a security. Accordingly more than one person may be deemed to be a beneficial owner of the same security. A person is also deemed to be a beneficial owner of any security, which that person has the right to acquire within 60 days, such as warrants or options to purchase the Common Stock of the Company.
- (2) Mr. Griffin holds 3,528,000 shares of the Company's common stock in his own name. He is also deemed to be the beneficial owner of 900,000 shares, which are held in the name of Amagosa Investments, Ltd., an entity controlled by Mr. Griffin. If all of the Warrants included in the Offering were exercised, the Minimum Offering percentage beneficially owned by Mr. Griffin would decrease to 30.70% and the Maximum Offering percentage beneficially owned by Mr. Griffin would decrease to 28.48%.
- (3) Mr. Ray L. Unruh holds 2,063,000 shares of the Company's common stock in his own name. He is also deemed to be the beneficial owner of 1,365,000 shares, which are held in the name of Unruh and Unruh Properties, Ltd., an entity controlled by Mr. Unruh, who is its General Partner. In addition, 285,715 additional shares are owned by the Ray L. Unruh Profit Sharing Plan, of which Mr. Unruh is Trustee. If all of the Warrants included in the Offering were exercised, the Minimum Offering percentage beneficially owned by Mr. Unruh would decrease to 25.75% and the Maximum Offering percentage beneficially owned by Mr. Unruh would decrease to 23.89%.
- (4) Mr. David L. Freeman holds 1,800,000 shares in the name of Freeman Energy, LLC and 700,000 in the name of HS Investments, LLC, both of which are entities controlled by Mr. Freeman. If all of the Warrants included in the Offering were exercised, the Minimum Offering percentage beneficially owned by Mr. Freeman would decrease to 17.34% and the Maximum Offering percentage beneficially owned by Mr. Freeman would decrease to 16.08%.
- (5) Includes all of the shares beneficially owned by such three individuals. If all of the Warrants included in the Offering were exercised, the Minimum Offering percentage beneficially owned by such individuals would decrease to 73.79% and the Maximum Offering percentage beneficially owned by such individuals would decrease to 68.45%.
- (6) Assumes that none of the Warrants included in the Units sold in the Minimum Offering is exercised.

DESCRIPTION OF SECURITIES

Our authorized capital stock consists of 100,000,000 common shares and 10,000,000 preferred shares. The Amended Articles of Incorporation which authorized the preferred shares provide that our Board of Directors shall designate and fix the rights, privileges, preferences, and restrictions attributable to the preferred stock. At the present time, no rights, privileges, preferences, or restrictions have been designated or fixed. As of the date of this Offering Circular, there were 12,546,115 common shares issued and outstanding and no preferred shares issued and outstanding.

Under our Articles of Incorporation, our common shares are identical in all respects, and each share entitles the holder to the same rights and privileges as are enjoyed by other holders and is subject to the same qualifications, limitations, and restrictions as apply to other shares. Our common stock is the only class of voting securities issued and outstanding. Holders of our common shares are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of our common shares do not have cumulative voting rights.

The holders of our common shares are entitled to dividends when and if declared by our Board of Directors from legally available funds. The holders of our common shares are also entitled to share pro rata in any distribution to stockholders upon our liquidation or dissolution.

The Units being offered consist of two shares of common stock, four "A" Warrants, each exercisable at \$1.00 with a term of three months, three "B" Warrants, each exercisable at \$1.50 with a term of nine months, and three "C" Warrants, each exercisable at \$3.10 with a term of one year. The purchase price for each Unit is \$1.90 with a minimum purchase of 2,500 Units or \$2,375. A Form of each Warrant is attached to this Offering Circular as Exhibits B, C, and D, respectively.

PLAN OF DISTRIBUTION

We anticipate that the Units may be offered and sold by our executive officers and directors or through the selling efforts of brokers or dealers not yet identified. We have not entered into any arrangements with any underwriter or placement agent for the sale of the Units. If we locate a broker or dealer to offer the Units, we expect to file an amendment to this Offering Circular with the SEC that would identify such broker or dealer.

Each investor will execute a subscription agreement, the form of which is attached hereto as Exhibit A, in which the investor will acknowledge that he has received this Offering Circular. The subscription agreement, filed as an exhibit to this Offering Circular, provides for arbitration of any disputes arising from the investment in this Offering.

The offering will terminate 120 days after the qualification of the Offering Statement on Form 1-A of which this Offering Circular is a part, with the option of the Company to extend the termination date by an additional 120 days. After the initial offering period, the Company will determine if there is sufficient need to extend the offering period for an additional 120 days. All funds received will be held by Bryan Cave LLP, which entity serves as the subscription agent and will hold the funds in its client trust account until notification for release from the Company. The Company is offering a minimum of 156,250 Units, on a best efforts, all-or-none basis; and, thereafter, on a best efforts basis, to a maximum of 250,000 Units, at a price of \$1.90 per Unit. Each Unit consists of two shares of common stock, four "A" Warrants, each exercisable at \$1.00 with a term of three months, three "B" Warrants, each exercisable at \$1.50 with a term of nine months, and three "C" Warrants, each exercisable at \$3.10 with a term of one year.

Upon the closing of the Minimum Offering and at the various closings thereafter, if any, the proceeds from the sale of the Units will become immediately available for use by the Company. Stock certificates representing the number of shares purchased will be delivered to the investor by Pacific Stock Transfer Company, our transfer agent.

DILUTION

As of June 30, 2008, the net tangible book value of our Common Stock was \$0.008 per share. "Net tangible book value per share" represents the amount of our tangible assets, less the amount of its liabilities, divided by the number of shares of Common Stock outstanding.

After giving effect to the issuance of the 312,500 shares of Common Stock offered hereby (Minimum Offering) or 500,000 shares of Common Stock offered hereby (Maximum Offering) at an offering price of \$0.95 per share and after deduction of underwriting discounts and commissions and estimated offering expenses payable by the Company, and the receipt of the proceeds therefrom and assuming no exercise of any outstanding stock options or any warrants granted in conjunction with this Offering (Minimum Offering) the net tangible book value per share of Common Stock as of June 30, 2008, would have been \$0.024 (Minimum Offering) or \$0.036 (Maximum Offering). This would result in dilution to the new investors, i.e., the difference between the purchase price of the shares and the net tangible book value per share, of \$0.926 per share (Minimum Offering) or \$0.914 per share (Maximum Offering). The following table illustrates the per share dilution:

Minimum Offering:

Offering price per share ⁽¹⁾		\$0.95
Net tangible book value per share as of June 30, 2008	\$0.008	
Increase per share attributable to the sale by the Company of the shares offered hereby	<u>\$0.016</u>	
Net tangible book value per share after the Offering ⁽²⁾		<u>0.024</u>
Dilution of net tangible book value per share to new investors		<u>\$0.926</u>

Maximum Offering:

Offering price per share ⁽¹⁾		\$0.95
Net tangible book value per share as of June 30, 2008	\$0.008	
Increase per share attributable to the sale by the Company of the shares offered hereby	<u>\$0.028</u>	
Net tangible book value per share after the Offering ⁽²⁾		<u>0.036</u>
Dilution of net tangible book value per share to new investors		<u>\$0.914</u>

(1) Before deducting placement agent commissions and estimated offering expenses to be paid by the Company.

(2) Assumes no exercise of the options to purchase Common Stock that were outstanding at June 30, 2008 or warrants that are to be granted in connection with this Offering.

If all of the warrants that are to be granted in connection with the Offering are exercised, as to which exercises there can be no assurance, and after giving effect to the issuance of an aggregate of 1,873,500 shares of Common Stock offered hereby (Minimum Offering of 312,500 shares and 1,561,000 warrant shares) or 3,000,000 shares of Common Stock offered hereby (Maximum Offering of 500,000 shares and 2,500,000 warrant shares) at a weighted average issuance/warrant exercise price of \$1.642 per share and after deduction of underwriting discounts and commissions and estimated offering expenses payable by the Company, and the receipt of the proceeds therefrom and assuming no exercise of any outstanding stock options, the net tangible book value per share of Common Stock as of June 30, 2008, would have been \$0.214 (Minimum Offering) or \$0.316 (Maximum Offering). This would result in dilution to the new investors, i.e., the difference between the sum of the purchase price of the shares and the exercise price of the Warrants and the net tangible book value per share, of \$1.428 per share (Minimum Offering) or \$1.326 per share (Maximum Offering). The following table illustrates the per-share dilution:

Minimum Offering:

Average price per share ⁽¹⁾		\$1.642
Net tangible book value per share as of June 30, 2008	\$0.008	
Increase per share attributable to the sale by the Company of the shares offered hereby	<u>\$0.206</u>	
Net tangible book value per share after the Offering ⁽²⁾		<u>0.214</u>
Dilution of net tangible book value per share to new investors		<u>\$1.428</u>

Maximum Offering:

Average price per share ⁽¹⁾		\$1.642
Net tangible book value per share as of June 30, 2008	\$0.008	
Increase per share attributable to the sale by the Company of the shares offered hereby	<u>\$0.308</u>	
Net tangible book value per share after the Offering ⁽²⁾		<u>0.316</u>
Dilution of net tangible book value per share to new investors		<u>\$1.326</u>

- (1) Calculated as the average of the aggregate issuance and exercise prices, respectively, of the two shares of Common Stock and the four A Warrants, three B Warrants, and three C Warrants included in each Unit, before deducting placement agent commissions and estimated offering expenses to be paid by the Company.
- (2) Assumes no exercise of the options to purchase Common Stock that were outstanding at June 30, 2008, and assumes that all warrants that are to be granted in connection with this Offering are exercised, as to which exercises there can be no assurance.

LEGAL MATTERS

The validity of the shares of common stock offered by this Offering Circular has been passed upon for us by Bryan Cave LLP, Irvine, California.

COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Under our bylaws, no director or officer will be held personally liable to us or our stockholders for damages resulting from a breach of fiduciary duty as a director or officer unless such breach involves intentional misconduct, fraud, a knowing violation of law, or a payment of dividends in violation of the law. Also, under our bylaws, directors and officers will be indemnified to the fullest extent allowed by the law against all damages and expenses suffered by a director or officer being party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative. This same indemnification is provided pursuant to California Corporations Code Section 5238, except the director or officer must have acted in good faith and in a manner that he believed to be in our best interest, and the stockholders or the board of directors, unless ordered by a court, must approve any discretionary indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

WHERE YOU CAN FIND MORE INFORMATION

This Offering Circular is part of an Offering Statement pursuant to Regulation A of the Securities Act which was filed by us with the SEC. Because the SEC's rules and regulations allow us to omit certain portions of the registration statement from this Offering Circular, this Offering Circular does not contain all the information set forth in the Offering Statement on Form 1-A. You may review the Offering Statement and the exhibits filed with, or incorporated therein by reference, the Offering Statement for further information regarding us and the Units consisting of shares of our common stock and warrants offered by this Offering Circular. Statements contained in this Offering Circular as to the contents of any contract or any other documents are summaries of the material terms of such contracts or other documents. With respect to these contracts or other documents filed, or incorporated therein by reference, as an exhibit to the Offering Statement, we refer you to the exhibits for a more complete description of the matter involved. The Offering Statement and its exhibits may be inspected at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information as to the operation of the Public Reference Room. Information concerning the Offering Statement is also available on the SEC's website, www.sec.gov.

MESA ENERGY, INC.
SUBSCRIPTION AGREEMENT

Mesa Energy, Inc.
5220 Spring Valley Road, Suite 525
Dallas, Texas 75254
Attn: Randy Griffin, CEO

Dear Mr. Griffin:

The undersigned, _____, a/an _____, hereby subscribes to purchase that number of units (the "Units") of Mesa Energy, Inc., a Nevada corporation (the "Company"), as is set forth on the signature page hereof. Each Unit consists of two shares (the "Shares") of the Company's common stock, \$0.001 par value per share, four "A" Warrants, each exercisable at \$1.00 with a term of three months, three "B" Warrants, each exercisable at \$1.50 with a term of nine months, and three "C" Warrants, each exercisable at \$3.10 with a term of one year. The "A" Warrants, "B" Warrants, and "C" Warrants are collectively referred to herein as the "Warrants." This subscription may be rejected in whole or in part by the Company, in its sole and absolute discretion for any cause or for no cause. Any questions regarding this document or the investment described herein should be directed to Randy Griffin, Chief Executive Officer, Mesa Energy, Inc., 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254; telephone: 972-490-9595; e-mail: randy@mesaenergy.us.

1. Purchase. Subject to the terms and conditions hereof, the undersigned hereby irrevocably agrees to purchase the Units, consisting of the Share and the Warrants, for an aggregate subscription price of \$_____, and tenders such purchase price by means of a check (cashiers, certified, or personal), money order, or wire transfer made payable to: "Bryan Cave LLP Attorney Client Trust Account" The wire transfer instructions are:

California Bank & Trust
Routing: #121002042
Swift#: CALBUS 66
Trust Account: #33-400021-41
f/b/o Mesa Energy, Inc.

California Bank & Trust
3420 Bristol Street
Costa Mesa, California 92626
714-754-2400

2. Representations and Warranties of the Undersigned. The undersigned hereby makes the following representations and warranties to the Company, and the undersigned agrees to indemnify, hold harmless, and pay all causes of action, lawsuits, debts, controversies, damages, claims, demands and judgments (including litigation expenses and reasonable attorneys' fees), incurred by the Company, and its past and present officers, directors, employees, agents, successors and assigns, whether or not under federal or state securities laws, arising out of or in connection with the undersigned's misrepresentation or breach of any of the representations and warranties set forth herein, including, without limitation,

- (a) The undersigned is the sole and true party in interest and is not purchasing the Units for the benefit of any other person and has not granted any other person any right or option or any participation or beneficial interest in any of the Units;
- (b) The undersigned confirms receipt and careful review of all written material provided by, or on behalf of, the Company in respect of its business and prospects, and all information provided by the Company to the undersigned in respect of its business and prospects, including all attachments and exhibits thereto. The undersigned understands that all books, records, and documents of the Company relating to this investment have been and remain available for inspection by the undersigned upon reasonable notice. The undersigned confirms that all documents requested by the undersigned have been made available, and that the undersigned has been supplied with all of the additional information concerning this investment that has been requested. The undersigned confirms that it has obtained sufficient information, in its judgment or that of its independent purchaser representative, if any, to evaluate the merits and risks of this investment. The undersigned confirms that it has had the opportunity to obtain such independent legal and tax advice and financial planning services as the undersigned has deemed appropriate prior to making a decision to subscribe for the Units. In making a decision to purchase the Units, the undersigned has relied exclusively upon its experience and judgment, or that of its purchaser representative, if any, upon such independent investigations as it, or they, deemed appropriate, and upon information provided by the Company in writing;
- (c) The undersigned acknowledges and represents that no representations or warranties have been made to the undersigned by the Company or its directors, officers, or any agents or representatives with respect to the business of the Company, the financial condition of the Company, and/or the economic, tax, or any other aspect or consequence of the purchase of the Units and the undersigned has not relied upon any information concerning the Company, written or oral, other than supplied to the undersigned by the Company;
- (d) The undersigned has such knowledge and experience in financial and business matters that the undersigned is capable of an evaluation of the merits and risks of the undersigned's investment in the Units;
- (e) **THE UNDERSIGNED IS AWARE THAT AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND SUBJECT TO SUBSTANTIAL RISKS.** The undersigned is capable of bearing the high degree of economic risk and burdens of this venture, including, but not limited to, the possibility of a complete loss, the lack of a sustained and orderly public market, and limited transferability of the Units, which may make the liquidation of this investment impossible for the indefinite future. The undersigned has the financial ability to bear the economic risks of its investment, has adequate means of providing for its current needs and personal contingencies, and has no need for liquidity in this investment. The undersigned's commitment to investments that are not readily marketable is

not disproportionate to its net worth, and this investment will not cause such overall commitment to become excessive;

- (f) The offer to sell the Units was directly communicated to the undersigned by such a manner that the undersigned, or his purchaser representative, if any, was able to ask questions of and receive answers from the Company or a person acting on its behalf concerning the terms and conditions of this transaction;
- (g) The Units are being acquired solely for the undersigned's own account for investment, and are not being purchased with a view towards resale, distribution, subdivision, or fractionalization thereof;
- (h) The undersigned understands that the Units have been qualified under the exemption provided by Regulation A under the Securities Act of 1933, as amended (the "Securities Act"), and any relevant state securities laws. The undersigned understands that the Units or any interest therein may not be, and agrees that the Units or any interest therein will not be, resold or otherwise disposed of by the undersigned except in accordance with the relevant provisions of the Securities Act and appropriate state securities laws;
- (i) The undersigned has been informed of and understands that no federal or state agency has made any finding or determination as to the fairness for investment nor any recommendation nor endorsement, of the Units;
- (j) None of the following information has ever been represented, guaranteed, or warranted to the undersigned, expressly or by implication by any broker, the Company, or agent or employee of the foregoing, or by any other person:
 - (1) The approximate or exact length of time that the undersigned will be required to remain a holder of the Units;
 - (2) The amount of consideration, profit, or loss to be realized, if any, as a result of an investment in the Company;
 - (3) That the past performance or experience of the Company; its officers, directors, associates, agents, affiliates, or employees; or any other person will in any way indicate or predict economic results in connection with the plan of operations of the Company or the return on the investment;
- (k) The undersigned has not distributed any information relating to this investment to anyone other than its members representative, and legal, tax, and financial advisors, if any;
- (l) The undersigned hereby agrees to indemnify the Company and to hold it harmless from and against any and all liability, damage, cost, or expense, including its attorneys' fees and costs, incurred on account of or arising out of:

- (1) Any material inaccuracy in the declarations, representations, and warranties hereinabove set forth;
- (2) The disposition of the Units or any part thereof by the undersigned, contrary to the foregoing declarations, representations, and warranties;
- (3) Any action, suit, or proceeding based upon:
 - (i) the claim that said declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or
 - (ii) the disposition of the Units or any part thereof.

The foregoing representations, warranties, agreements, undertakings, and acknowledgements are made by the undersigned with the intent that they be relied upon in determining the undersigned's suitability as a purchaser of the Units. In addition, the undersigned agrees to notify the Company immediately of any change in any representation, warranty, or other information that occurs prior to the issue date of the Units.

3. Transferability. Prior to the issue date of the Units, the undersigned agrees not to transfer or assign the obligations or duties contained in this Subscription Agreement or any of the undersigned's interest in this Subscription Agreement except to a subsidiary or affiliate of the undersigned.

4. Acknowledgements, Understandings, and Agreements of the Undersigned. The undersigned acknowledges, understands, and agrees that:

- (a) The Company reserves the right to reject all, or any part of this subscription in its sole and absolute discretion for any cause or for no cause;
- (b) The undersigned will be promptly notified by the Company whether this subscription has been accepted, and if not accepted in whole or in part, the Company will promptly pay and the undersigned agrees to accept the return of funds representing that portion of the subscription not so accepted, without interest thereon or deduction therefrom; and
- (c) The Units shall be deemed issued and owned by the undersigned upon the Company's receipt of the purchase price therefor and its acceptance thereof.

5. Acceptance. Execution and delivery of this Subscription Agreement shall constitute an irrevocable offer to purchase the Units indicated, which offer may be accepted or rejected in whole or in part by the Company in its sole and absolute discretion for any cause or for no cause. Acceptance of this offer by the Company shall be indicated by its execution hereof.

6. Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other

communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: (i) if to the Company, to: Mesa Energy, Inc., 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254; Attn: Randy Griffin, Chief Executive Officer, facsimile: 972-490-9161, (ii) if to the undersigned, to: the address and facsimile number indicated on the signature page hereto.

7. Entire Agreement; Assignment. This Subscription Agreement and other documents delivered in connection herewith represent the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by the Company and the undersigned. Neither the Company nor the undersigned has relied on any representations not contained or referred to in the 1-A and this Subscription Agreement and the documents delivered herewith. No right or obligation of the Company or undersigned shall be assigned without prior notice to and the written consent of the other party.

8. Counterparts/Execution. This Subscription Agreement may be executed in any number of counterparts and by the different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Subscription Agreement may be executed by facsimile signature and delivered by facsimile transmission.

9. Law Governing Subscription Agreement. This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Subscription Agreement shall be brought only in the state courts of Nevada or in the federal courts located in the state of California, Clark county. The parties to this Subscription Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The parties executing this Subscription Agreement and other agreements referred to herein or delivered in connection herewith on behalf of the Company agree to submit to the *in personam* jurisdiction of such courts and hereby irrevocably waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Subscription Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement.

10. Captions; Certain Definitions. The captions of the various sections and paragraphs of this Subscription Agreement have been inserted only for the purposes of convenience; such captions are not a part of this Subscription Agreement and shall not be deemed in any manner to modify, explain, enlarge, or restrict any of the provisions of this Subscription Agreement. As used in this Subscription Agreement the term "person" shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof.

11. Severability. In the event that any term or provision of this Subscription Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by an authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (i) by or before that authority of the remaining terms and provisions of this Subscription Agreement, which shall be enforced as if the unenforceable term or provision were deleted or (ii) by or before any other authority of any of the terms and provisions of this Subscription Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement on the date set forth on the signature page.

The undersigned desires to take title in the Units as an individual, a corporation, a partnership, or a limited liability company. The exact spelling of name(s) under which title to the Units shall be taken, and the exact location for delivery of the Units, is (please print):

Name(s) _____
(address) _____

(fax number) _____

SUBSCRIPTION AGREEMENT

SIGNATURE PAGE

Purchase Price subscribed: \$_____

Number of Units subscribed: _____

Name of Purchaser(s) (Please print or type)

Signature

Signature

Social Security/Tax Identification Number: _____

Mailing Address: _____

Executed at _____, this _____ day of _____, 2008.
(location)

SUBSCRIPTION ACCEPTED:

MESA ENERGY, INC.

By: _____
Randy Griffin, Chief Executive Officer

DATE: _____, 2008

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER ANY APPLICABLE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND QUALIFICATION UNDER SUCH STATE SECURITIES LAWS OR AN OPINION OF COUNSEL OR OTHER EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND/OR QUALIFICATION IS NOT REQUIRED.

MESA ENERGY, INC.

SERIES A WARRANT TO PURCHASE SHARES OF COMMON STOCK

No. A- _____

August __, 2008

THIS CERTIFIES THAT, for value received, _____, a _____ (the "Investor"), or Investor's assigns (Investor and Investor's assigns being the "Holder"), is entitled to subscribe for and purchase at any time during the Exercise Period from Mesa Energy, Inc., a Nevada corporation, with its principal office located at 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254 (the "Company"), a number of shares of Common Stock equal to the Share Number at a per share price equal to the Exercise Price in effect at such time. This Series A Warrant is issued in conjunction with the shares of the Company's Common Stock issued pursuant to the Subscription Agreement dated as of August __, 2008, by and between the Company and the Investor.

1. DEFINITIONS. As used herein, the following terms shall have the following respective meanings:

- (a) "Aggregate Series A Warrant Price" shall mean the dollar value obtained by multiplying \$1.00 by _____.
- (b) "Common Stock" shall mean the common stock of the Company.
- (c) "Exercise Period" shall mean the period commencing on the original date of issuance of this Series A Warrant and ending at the end of business three months thereafter.
- (d) "Exercise Price" shall mean \$1.00 per share of Common Stock.
- (e) "Exercise Shares" shall mean any Common Stock acquired upon exercise of this Series A Warrant.
- (f) "Share Number", at any time, shall mean (i) the Aggregate Series A Warrant Price minus the aggregate exercise price previously paid upon exercise of this Series A Warrant, divided by (ii) the Exercise Price then in effect.

2. EXERCISE OF SERIES A WARRANT.

2.1 General; Exercise of Series A Warrant.

(a) The rights represented by this Series A Warrant may be exercised as a whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

- (i) An executed Notice of Exercise in the form attached hereto;
- (ii) Payment of the Exercise Price either in cash or by check; and
- (iii) This Series A Warrant.

(b) Upon the exercise of the rights represented by this Series A Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates (and such designation is in compliance with applicable securities laws and any stockholders, investor rights or similar agreement), shall be issued and delivered to the Holder as promptly as practicable after the rights represented by this Series A Warrant shall have been so exercised.

(c) The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Series A Warrant shall be deemed to have become the holder of record of such shares on the date on which this Series A Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3. COVENANTS OF THE COMPANY.

3.1 Covenants as to Exercise Shares. The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Series A Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens, and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will, at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Series A Warrant. If at any time during the Exercise Period, the number of authorized but unissued shares of Common Stock shall not be sufficient to permit exercise of this Series A Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

3.2 No Impairment. Except and to the extent as waived or consented to by the Holder, the Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Series A Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder against impairment.

3.3 Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend which is the same as cash dividends paid in previous quarters) or other distribution, the Company shall mail to the Holder, at least ten (10) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

4. REPRESENTATIONS OF HOLDER.

4.1 Acquisition of Series A Warrant for Personal Account. The Holder represents and warrants that it is not acquiring the Series A Warrant and any shares of capital stock issued or issuable upon exercise of the Series A Warrant with a view to or for resale in connection with any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended. The Holder also represents that the entire legal and beneficial interests of the Series A Warrant and Exercise Shares the Holder is acquiring is being acquired for, and will be held for, the account of the Holder only.

4.2 No Current Public Market. The Holder represents and warrants that it understands that there is no current public market for the Warrants and any shares of capital stock issued or issuable upon exercise of the Series A Warrant, that no orderly public market therefor may be created or maintained, that such securities may be illiquid, and that the Holder may not be able to dispose of any or all of such securities at any time or at any price and may lose the entire value of his investment.

4.3 Due Diligence. The Holder is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company, at or about the date of this Series A Warrant, that is deemed to relate to the Company, to reach an informed and knowledgeable decision regarding its investment in the

Company. The Holder is experienced in making investments of this type and has such knowledge and background in financial and business matters that the Holder is capable of evaluating the merits and risks of this investment and protecting its own interests. The Holder has had an opportunity to ask questions of, and receive answers from, the Company and its officers and employees regarding the business, financial affairs and other aspects of the Company, and has further had the opportunity to obtain information (to the extent the Company possesses or can acquire such information without unreasonable effort or expense) which the Holder deems necessary to evaluate an investment in the Company and to verify the accuracy of information otherwise provided to the Holder.

5. ADJUSTMENTS AND NOTICES. The Exercise Price and the number of Exercise Shares issuable upon exercise of this Series A Warrant shall be subject to adjustment from time to time in accordance with this Section 5.

5.1 Subdivision, Stock Dividends or Combinations. In case the Company shall at any time after the commencement of the Exercise Period subdivide the outstanding Common Stock or shall issue a stock dividend with respect to the Common Stock, the Exercise Price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Company shall at any time after the commencement of the Exercise Period combine the outstanding shares of Common Stock, the Exercise Price in effect immediately prior to such combination shall be proportionately increased, in each case effective at the close of business on the date of such subdivision, dividend or combination, as the case may be.

5.2 Reclassification, Exchange, Substitution, In-Kind Distribution. Upon any reclassification, exchange, substitution, or other event after the commencement of the Exercise Period that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Series A Warrant or upon the payment after the commencement of the Exercise Period of a dividend in securities or property other than shares of Common Stock, the Holder shall be entitled to receive, upon exercise or conversion of this Series A Warrant, the number and kind of securities and property that Holder would have received if this Series A Warrant had been exercised or converted immediately before the record date for such reclassification, exchange, substitution, or other event or immediately prior to the record date for such dividend. The Company or its successor shall promptly issue to Holder a new Series A Warrant for such new securities or other property. The new Series A Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5 including, without limitation, adjustments to the Series A Warrant Price and to the number of securities or property issuable upon exercise or conversion of the new Series A Warrant. The provisions of this Section 5.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events and successive dividends.

5.3 Consolidation, Merger, Sale, and the Like. In case of any (i) merger or consolidation of the Company into or with another corporation where the Company is not the surviving corporation (but including a merger for the purpose of reincorporating in a new domicile) (ii) sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the Company or (iii) sale by the Company's stockholders of 50% or more of the Company's outstanding securities in one or more related transactions, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to the Holder hereof a new Series A Warrant so that the Holder shall have the right to receive upon exercise or conversion of the unexercised or unconverted portion of this Series A Warrant, at a total purchase price not to exceed that payable upon the exercise or conversion of the unexercised or unconverted portion of this Series A Warrant, and in lieu of shares of Common Stock theretofore issuable upon exercise or conversion of this Series A Warrant, the kind and amount of shares of stock, or other securities, money and other property in lieu of such shares of stock, receivable upon or as a result of such reorganization, merger or sale by a holder of the number of shares of Common Stock for which this Series A Warrant is exercisable or convertible immediately prior to such event. Such new Series A Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5. The provisions of this Section 5.3 shall similarly apply to successive reorganizations, mergers, and sales.

5.4 Adjustment for Issuance of Additional Shares of Common Stock, Convertible Securities, or Common Stock Equivalents. The Exercise Price shall be subject to adjustment from time to time as set forth in this Section 5.4.

(a) Issuance of Additional Shares of Common Stock. In the event the Company shall at any time following the original date of issuance of this Series A Warrant issue any Additional Shares of Common Stock (defined hereinbelow) (otherwise than as provided in the foregoing Sections 5.1, 5.2, and 5.3, above), at a price per

share less than the Exercise Price then in effect or without consideration, then the Exercise Price upon each such issuance shall be adjusted to that price determined by multiplying the Exercise Price then in effect by a fraction:

(i) the numerator of which shall be equal to the sum of (x) the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus (y) the number of shares of Common Stock (rounded to the nearest whole share) that the aggregate consideration for the total number of such Additional Shares of Common Stock so issued would purchase at a price per share equal to the Exercise Price then in effect, and

(ii) the denominator of which shall be equal to the number of shares of Common Stock outstanding immediately after the issuance of such Additional Shares of Common Stock.

No adjustment of the number of shares of Common Stock for which this Series A Warrant shall be exercisable shall be made under paragraphs (i) and (ii) of this Section 5.4(a) upon the issuance of any Additional Shares of Common Stock that are issued pursuant to the exercise of any Common Stock Equivalents, if any such adjustment shall previously have been made upon the issuance of such Common Stock Equivalents (or upon the issuance of any warrant or other rights therefor) pursuant to Section 5. "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company after the Issuance Date.

(b) Issuance of Convertible Securities or Common Stock Equivalents. In the event the Company shall at any time following the original date of issuance of this Series A Warrant take a record of the holders of its Common Stock for the purpose of entitling them to receive a distribution of, or shall in any manner (whether directly or by assumption in a merger in which the Company is the surviving corporation) issue or sell any securities convertible into or exchange for, directly or indirectly, Common Stock (the "Convertible Securities"), or any rights or warrants or options to purchase any such Common Stock or Convertible Securities (collectively, the "Common Stock Equivalents"), whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange shall be less than the Exercise Price in effect immediately prior to the time of such issue or sale, or if, after any issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the Exercise Price in effect at the time of such amendment or adjustment, then the Exercise Price then in effect shall be adjusted to the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange and the Share Number shall be proportionately increased, such that the Aggregate Series A Warrant Price shall not be changed by any such adjustment(s) to the Exercise Price. No further adjustments of the number of shares of Common Stock for which this Series A Warrant is exercisable and the Exercise Price then in effect shall be made upon the actual issue of such Common Stock upon exercise, conversion, or exchange of any Convertible Security or Common Stock Equivalents.

5.5 Certificate of Adjustment. In each case of an adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to the Holder at the Holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in reasonable detail the facts upon which such adjustment or readjustment is based, including a statement of, if applicable, the type and amount, if any, of other property which at the time would be received upon exercise of this Series A Warrant.

5.6 No Impairment. The Company shall not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the holders of this Series A Warrant against impairment. In the event the Holder shall elect to exercise this Series A Warrant in whole or in part as provided herein, the Company cannot refuse exercise based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, unless (i) an order from the Securities and Exchange Commission prohibiting such exercise or (ii) an injunction from a court, on notice, restraining and/or enjoining exercise of any or all of this Series A Warrant shall have been issued and the Company posts a surety bond for the benefit of the Holder in an amount equal to 120% of the Exercise Price of that number of shares the Holder has elected to exercise, which bond shall remain in effect until

the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to the Holder in the event it obtains judgment.

6. **FRACTIONAL SHARES.** No fractional shares shall be issued upon the exercise of this Series A Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) issuable upon exercise of this Series A Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. No payments shall be made by the Company in respect of any fractional shares otherwise issuable pursuant to this Series A Warrant.

7. **NO STOCKHOLDER RIGHTS.** This Series A Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

8. **TRANSFER OF SERIES A WARRANT.** Subject to applicable laws, the restriction on transfer set forth on the first page of this Series A Warrant and in Section 4.4 and the terms of any applicable stockholders, investor rights, or similar agreement, this Series A Warrant and all rights hereunder are transferable, by the Holder in person or by duly authorized attorney, upon delivery of this Series A Warrant and the form of assignment attached hereto to any transferee designated by Holder, provided that the transferee shall have signed an investment letter in form and substance satisfactory to the Company and agreed to be bound by the provisions of this Series A Warrant. Notwithstanding anything to the contrary, no partial transfer of this Series A Warrant shall be permitted.

9. **LOST, STOLEN, MUTILATED, OR DESTROYED SERIES A WARRANT.** If this Series A Warrant is lost, stolen, mutilated, or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Series A Warrant, include the surrender thereof), issue a new Series A Warrant of like denomination and tenor as the Series A Warrant so lost, stolen, mutilated or destroyed. Any such new Series A Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Series A Warrant shall be at any time enforceable by anyone.

10. **NOTICES, ETC.** All notices and other communications required or permitted hereunder shall be in writing and shall be sent by express mail or other form of rapid communications, if possible, and if not then such notice or communication shall be mailed by first-class mail, postage prepaid, addressed in each case to the party entitled thereto at the following addresses: (a) if to the Company, to Mesa Energy, Inc., Attention: Chief Executive Officer, 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254, and (b) if to the Holder, to such address as originally furnished to the Company by the Holder, or at such other address as one party may furnish to the other in writing. Notice shall be deemed effective on the date dispatched if by personal delivery, two days after mailing if by express mail, or three days after mailing if by first-class mail.

11. **AMENDMENT.** This Series A Warrant may be amended or otherwise modified only by a writing signed by the Company and the Holder.

12. **ACCEPTANCE.** Receipt of this Series A Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. **GOVERNING LAW.** This Series A Warrant and all rights, obligations and liabilities hereunder shall be governed by the internal laws of the State of Nevada.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF, the Company has caused this Series A Warrant to be executed by its duly authorized officer as of the date first written above.

MESA ENERGY, INC., a Nevada corporation

By: _____

Name: _____

Title: _____

ATTEST:

NOTICE OF EXERCISE

TO: MESA ENERGY, INC.

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of Mesa Energy, Inc. (the "Company"), pursuant to the terms of the attached Series A Warrant, and tenders herewith payment of the exercise price in full pursuant to the terms of Section 2.1 of the attached Series A Warrant, together with all applicable transfer taxes, if any.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned represents that (i) the aforesaid shares of Common Stock are being acquired for the account of the undersigned for, and will be held for, the account of the undersigned only; (ii) the undersigned is aware of the Company's business affairs and financial condition, and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests.

(Date)

(Signature)

(Print name)

ASSIGNMENT FORM

(To assign the foregoing Series A Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Series A Warrant and all rights evidenced thereby are hereby assigned to

Name: _____

Address: _____
(Please Print)

Dated: _____, _____

Holder's
Signature: _____

Holder's
Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Series A Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Series A Warrant.

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER ANY APPLICABLE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND QUALIFICATION UNDER SUCH STATE SECURITIES LAWS OR AN OPINION OF COUNSEL OR OTHER EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND/OR QUALIFICATION IS NOT REQUIRED.

MESA ENERGY, INC.

SERIES B WARRANT TO PURCHASE SHARES OF COMMON STOCK

No. B-_____

August __, 2008

THIS CERTIFIES THAT, for value received, _____, a _____ (the "Investor"), or Investor's assigns (Investor and Investor's assigns being the "Holder"), is entitled to subscribe for and purchase at any time during the Exercise Period from Mesa Energy, Inc., a Nevada corporation, with its principal office located at 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254 (the "Company"), a number of shares of Common Stock equal to the Share Number at a per share price equal to the Exercise Price in effect at such time. This Series B Warrant is issued in conjunction with the shares of the Company's Common Stock issued pursuant to the Subscription Agreement dated as of August __, 2008, by and between the Company and the Investor.

1. DEFINITIONS. As used herein, the following terms shall have the following respective meanings:

- (a) "Aggregate Series B Warrant Price" shall mean the dollar value obtained by multiplying \$1.50 by _____.
- (b) "Common Stock" shall mean the common stock of the Company.
- (c) "Exercise Period" shall mean the period commencing on the original date of issuance of this Series B Warrant and ending at the end of business nine months thereafter.
- (d) "Exercise Price" shall mean \$1.50 per share of Common Stock.
- (e) "Exercise Shares" shall mean any Common Stock acquired upon exercise of this Series B Warrant.
- (f) "Share Number", at any time, shall mean (i) the Aggregate Series B Warrant Price minus the aggregate exercise price previously paid upon exercise of this Series B Warrant, divided by (ii) the Exercise Price then in effect.

2. EXERCISE OF SERIES B WARRANT.

2.1 General; Exercise of Series B Warrant.

(a) The rights represented by this Series B Warrant may be exercised as a whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

- (i) An executed Notice of Exercise in the form attached hereto;
- (ii) Payment of the Exercise Price either in cash or by check; and
- (iii) This Series B Warrant.

(b) Upon the exercise of the rights represented by this Series B Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates (and such designation is in compliance with applicable securities laws and any stockholders, investor rights or similar agreement), shall be issued and delivered to the Holder as promptly as practicable after the rights represented by this Series B Warrant shall have been so exercised.

(c) The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Series B Warrant shall be deemed to have become the holder of record of such shares on the date on which this Series B Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3. COVENANTS OF THE COMPANY.

3.1 Covenants as to Exercise Shares. The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Series B Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens, and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will, at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Series B Warrant. If at any time during the Exercise Period, the number of authorized but unissued shares of Common Stock shall not be sufficient to permit exercise of this Series B Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

3.2 No Impairment. Except and to the extent as waived or consented to by the Holder, the Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Series B Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder against impairment.

3.3 Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend which is the same as cash dividends paid in previous quarters) or other distribution, the Company shall mail to the Holder, at least ten (10) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

4. REPRESENTATIONS OF HOLDER.

4.1 Acquisition of Series B Warrant for Personal Account. The Holder represents and warrants that it is not acquiring the Series B Warrant and any shares of capital stock issued or issuable upon exercise of the Series B Warrant with a view to or for resale in connection with any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended. The Holder also represents that the entire legal and beneficial interests of the Series B Warrant and Exercise Shares the Holder is acquiring is being acquired for, and will be held for, the account of the Holder only.

4.2 No Current Public Market. The Holder represents and warrants that it understands that there is no current public market for the Warrants and any shares of capital stock issued or issuable upon exercise of the Series B Warrant, that no orderly public market therefor may be created or maintained, that such securities may be illiquid, and that the Holder may not be able to dispose of any or all of such securities at any time or at any price and may lose the entire value of his investment.

4.3 Due Diligence. The Holder is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company, at or about the date of this Series B Warrant, that is deemed to relate to the Company, to reach an informed and knowledgeable decision regarding its investment in the

Company. The Holder is experienced in making investments of this type and has such knowledge and background in financial and business matters that the Holder is capable of evaluating the merits and risks of this investment and protecting its own interests. The Holder has had an opportunity to ask questions of, and receive answers from, the Company and its officers and employees regarding the business, financial affairs and other aspects of the Company, and has further had the opportunity to obtain information (to the extent the Company possesses or can acquire such information without unreasonable effort or expense) which the Holder deems necessary to evaluate an investment in the Company and to verify the accuracy of information otherwise provided to the Holder.

5. ADJUSTMENTS AND NOTICES. The Exercise Price and the number of Exercise Shares issuable upon exercise of this Series B Warrant shall be subject to adjustment from time to time in accordance with this Section 5.

5.1 Subdivision, Stock Dividends or Combinations. In case the Company shall at any time after the commencement of the Exercise Period subdivide the outstanding Common Stock or shall issue a stock dividend with respect to the Common Stock, the Exercise Price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Company shall at any time after the commencement of the Exercise Period combine the outstanding shares of Common Stock, the Exercise Price in effect immediately prior to such combination shall be proportionately increased, in each case effective at the close of business on the date of such subdivision, dividend or combination, as the case may be.

5.2 Reclassification, Exchange, Substitution, In-Kind Distribution. Upon any reclassification, exchange, substitution, or other event after the commencement of the Exercise Period that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Series B Warrant or upon the payment after the commencement of the Exercise Period of a dividend in securities or property other than shares of Common Stock, the Holder shall be entitled to receive, upon exercise or conversion of this Series B Warrant, the number and kind of securities and property that Holder would have received if this Series B Warrant had been exercised or converted immediately before the record date for such reclassification, exchange, substitution, or other event or immediately prior to the record date for such dividend. The Company or its successor shall promptly issue to Holder a new Series B Warrant for such new securities or other property. The new Series B Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5 including, without limitation, adjustments to the Series B Warrant Price and to the number of securities or property issuable upon exercise or conversion of the new Series B Warrant. The provisions of this Section 5.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events and successive dividends.

5.3 Consolidation, Merger, Sale, and the Like. In case of any (i) merger or consolidation of the Company into or with another corporation where the Company is not the surviving corporation (but including a merger for the purpose of reincorporating in a new domicile) (ii) sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the Company or (iii) sale by the Company's stockholders of 50% or more of the Company's outstanding securities in one or more related transactions, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to the Holder hereof a new Series B Warrant so that the Holder shall have the right to receive upon exercise or conversion of the unexercised or unconverted portion of this Series B Warrant, at a total purchase price not to exceed that payable upon the exercise or conversion of the unexercised or unconverted portion of this Series B Warrant, and in lieu of shares of Common Stock theretofore issuable upon exercise or conversion of this Series B Warrant, the kind and amount of shares of stock, or other securities, money and other property in lieu of such shares of stock, receivable upon or as a result of such reorganization, merger or sale by a holder of the number of shares of Common Stock for which this Series B Warrant is exercisable or convertible immediately prior to such event. Such new Series B Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5. The provisions of this Section 5.3 shall similarly apply to successive reorganizations, mergers, and sales.

5.4 Adjustment for Issuance of Additional Shares of Common Stock, Convertible Securities, or Common Stock Equivalents. The Exercise Price shall be subject to adjustment from time to time as set forth in this Section 5.4.

(a) Issuance of Additional Shares of Common Stock. In the event the Company shall at any time following the original date of issuance of this Series B Warrant issue any Additional Shares of Common Stock (defined hereinbelow) (otherwise than as provided in the foregoing Sections 5.1, 5.2, and 5.3, above), at a price per

share less than the Exercise Price then in effect or without consideration, then the Exercise Price upon each such issuance shall be adjusted to that price determined by multiplying the Exercise Price then in effect by a fraction:

(i) the numerator of which shall be equal to the sum of (x) the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus (y) the number of shares of Common Stock (rounded to the nearest whole share) that the aggregate consideration for the total number of such Additional Shares of Common Stock so issued would purchase at a price per share equal to the Exercise Price then in effect, and

(ii) the denominator of which shall be equal to the number of shares of Common Stock outstanding immediately after the issuance of such Additional Shares of Common Stock.

No adjustment of the number of shares of Common Stock for which this Series B Warrant shall be exercisable shall be made under paragraphs (i) and (ii) of this Section 5.4(a) upon the issuance of any Additional Shares of Common Stock that are issued pursuant to the exercise of any Common Stock Equivalents, if any such adjustment shall previously have been made upon the issuance of such Common Stock Equivalents (or upon the issuance of any warrant or other rights therefor) pursuant to Section 5. "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company after the Issuance Date.

(b) Issuance of Convertible Securities or Common Stock Equivalents. In the event the Company shall at any time following the original date of issuance of this Series B Warrant take a record of the holders of its Common Stock for the purpose of entitling them to receive a distribution of, or shall in any manner (whether directly or by assumption in a merger in which the Company is the surviving corporation) issue or sell any securities convertible into or exchange for, directly or indirectly, Common Stock (the "Convertible Securities"), or any rights or warrants or options to purchase any such Common Stock or Convertible Securities (collectively, the "Common Stock Equivalents"), whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange shall be less than the Exercise Price in effect immediately prior to the time of such issue or sale, or if, after any issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the Exercise Price in effect at the time of such amendment or adjustment, then the Exercise Price then in effect shall be adjusted to the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange and the Share Number shall be proportionately increased, such that the Aggregate Series B Warrant Price shall not be changed by any such adjustment(s) to the Exercise Price. No further adjustments of the number of shares of Common Stock for which this Series B Warrant is exercisable and the Exercise Price then in effect shall be made upon the actual issue of such Common Stock upon exercise, conversion, or exchange of any Convertible Security or Common Stock Equivalents.

5.5 Certificate of Adjustment. In each case of an adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to the Holder at the Holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in reasonable detail the facts upon which such adjustment or readjustment is based, including a statement of, if applicable, the type and amount, if any, of other property which at the time would be received upon exercise of this Series B Warrant.

5.6 No Impairment. The Company shall not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the holders of this Series B Warrant against impairment. In the event the Holder shall elect to exercise this Series B Warrant in whole or in part as provided herein, the Company cannot refuse exercise based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, unless (i) an order from the Securities and Exchange Commission prohibiting such exercise or (ii) an injunction from a court, on notice, restraining and/or enjoining exercise of any or all of this Series B Warrant shall have been issued and the Company posts a surety bond for the benefit of the Holder in an amount equal to 120% of the Exercise Price of that number of shares the Holder has elected to exercise, which bond shall remain in effect until

the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to the Holder in the event it obtains judgment.

6. **FRACTIONAL SHARES.** No fractional shares shall be issued upon the exercise of this Series B Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) issuable upon exercise of this Series B Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. No payments shall be made by the Company in respect of any fractional shares otherwise issuable pursuant to this Series B Warrant.

7. **NO STOCKHOLDER RIGHTS.** This Series B Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

8. **TRANSFER OF SERIES B WARRANT.** Subject to applicable laws, the restriction on transfer set forth on the first page of this Series B Warrant and in Section 4.4 and the terms of any applicable stockholders, investor rights, or similar agreement, this Series B Warrant and all rights hereunder are transferable, by the Holder in person or by duly authorized attorney, upon delivery of this Series B Warrant and the form of assignment attached hereto to any transferee designated by Holder, provided that the transferee shall have signed an investment letter in form and substance satisfactory to the Company and agreed to be bound by the provisions of this Series B Warrant. Notwithstanding anything to the contrary, no partial transfer of this Series B Warrant shall be permitted.

9. **LOST, STOLEN, MUTILATED, OR DESTROYED SERIES B WARRANT.** If this Series B Warrant is lost, stolen, mutilated, or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Series B Warrant, include the surrender thereof), issue a new Series B Warrant of like denomination and tenor as the Series B Warrant so lost, stolen, mutilated or destroyed. Any such new Series B Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Series B Warrant shall be at any time enforceable by anyone.

10. **NOTICES, ETC.** All notices and other communications required or permitted hereunder shall be in writing and shall be sent by express mail or other form of rapid communications, if possible, and if not then such notice or communication shall be mailed by first-class mail, postage prepaid, addressed in each case to the party entitled thereto at the following addresses: (a) if to the Company, to Mesa Energy, Inc., Attention: Chief Executive Officer, 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254, and (b) if to the Holder, to such address as originally furnished to the Company by the Holder, or at such other address as one party may furnish to the other in writing. Notice shall be deemed effective on the date dispatched if by personal delivery, two days after mailing if by express mail, or three days after mailing if by first-class mail.

11. **AMENDMENT.** This Series B Warrant may be amended or otherwise modified only by a writing signed by the Company and the Holder.

12. **ACCEPTANCE.** Receipt of this Series B Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. **GOVERNING LAW.** This Series B Warrant and all rights, obligations and liabilities hereunder shall be governed by the internal laws of the State of Nevada.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF, the Company has caused this Series B Warrant to be executed by its duly authorized officer as of the date first written above.

MESA ENERGY, INC., a Nevada corporation

By: _____

Name: _____

Title: _____

ATTEST:

NOTICE OF EXERCISE

TO: MESA ENERGY, INC.

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of Mesa Energy, Inc. (the "Company"), pursuant to the terms of the attached Series B Warrant, and tenders herewith payment of the exercise price in full pursuant to the terms of Section 2.1 of the attached Series B Warrant, together with all applicable transfer taxes, if any.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned represents that (i) the aforesaid shares of Common Stock are being acquired for the account of the undersigned for, and will be held for, the account of the undersigned only; (ii) the undersigned is aware of the Company's business affairs and financial condition, and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests.

(Date)

(Signature)

(Print name)

ASSIGNMENT FORM

(To assign the foregoing Series B Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Series B Warrant and all rights evidenced thereby are hereby assigned to

Name: _____

Address: _____
(Please Print)

Dated: _____

Holder's
Signature: _____

Holder's
Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Series B Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Series B Warrant.

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER ANY APPLICABLE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND QUALIFICATION UNDER SUCH STATE SECURITIES LAWS OR AN OPINION OF COUNSEL OR OTHER EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND/OR QUALIFICATION IS NOT REQUIRED.

MESA ENERGY, INC.

SERIES C WARRANT TO PURCHASE SHARES OF COMMON STOCK

No. C-_____

August __, 2008

THIS CERTIFIES THAT, for value received, _____, a _____ (the "Investor"), or Investor's assigns (Investor and Investor's assigns being the "Holder"), is entitled to subscribe for and purchase at any time during the Exercise Period from Mesa Energy, Inc., a Nevada corporation, with its principal office located at 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254 (the "Company"), a number of shares of Common Stock equal to the Share Number at a per share price equal to the Exercise Price in effect at such time. This Series C Warrant Series C Warrant is issued in conjunction with the shares of the Company's Common Stock issued pursuant to the Subscription Agreement dated as of August __, 2008, by and between the Company and the Investor.

1. DEFINITIONS. As used herein, the following terms shall have the following respective meanings:

(a) "Aggregate Series C Warrant Series C Warrant Price" shall mean the dollar value obtained by multiplying \$3.10 by _____.

(b) "Common Stock" shall mean the common stock of the Company.

(c) "Exercise Period" shall mean the period commencing on the original date of issuance of this Series C Warrant and ending at the end of business one year thereafter.

(d) "Exercise Price" shall mean \$3.10 per share of Common Stock.

(e) "Exercise Shares" shall mean any Common Stock acquired upon exercise of this Series C Warrant.

(f) "Share Number", at any time, shall mean (i) the Aggregate Series C Warrant Price minus the aggregate exercise price previously paid upon exercise of this Series C Warrant, divided by (ii) the Exercise Price then in effect.

2. EXERCISE OF SERIES C WARRANT.

2.1 General; Exercise of Series C Warrant.

(a) The rights represented by this Series C Warrant may be exercised as a whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

(i) An executed Notice of Exercise in the form attached hereto;

(ii) Payment of the Exercise Price either in cash or by check; and

(iii) This Series C Warrant.

(b) Upon the exercise of the rights represented by this Series C Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates (and such designation is in compliance with applicable securities laws and any stockholders, investor rights or similar agreement), shall be issued and delivered to the Holder as promptly as practicable after the rights represented by this Series C Warrant shall have been so exercised.

(c) The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Series C Warrant shall be deemed to have become the holder of record of such shares on the date on which this Series C Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3. COVENANTS OF THE COMPANY.

3.1 Covenants as to Exercise Shares. The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Series C Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens, and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will, at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Series C Warrant. If at any time during the Exercise Period, the number of authorized but unissued shares of Common Stock shall not be sufficient to permit exercise of this Series C Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

3.2 No Impairment. Except and to the extent as waived or consented to by the Holder, the Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Series C Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder against impairment.

3.3 Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend which is the same as cash dividends paid in previous quarters) or other distribution, the Company shall mail to the Holder, at least ten (10) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

4. REPRESENTATIONS OF HOLDER.

4.1 Acquisition of Series C Warrant for Personal Account. The Holder represents and warrants that it is not acquiring the Series C Warrant and any shares of capital stock issued or issuable upon exercise of the Series C Warrant with a view to or for resale in connection with any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended. The Holder also represents that the entire legal and beneficial interests of the Series C Warrant and Exercise Shares the Holder is acquiring is being acquired for, and will be held for, the account of the Holder only.

4.2 No Current Public Market. The Holder represents and warrants that it understands that there is no current public market for the Warrants and any shares of capital stock issued or issuable upon exercise of the Series C Warrant, that no orderly public market therefor may be created or maintained, that such securities may be illiquid, and that the Holder may not be able to dispose of any or all of such securities at any time or at any price and may lose the entire value of his investment.

4.3 Due Diligence. The Holder is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company, at or about the date of this Series C Warrant, that is deemed to relate to the Company, to reach an informed and knowledgeable decision regarding its investment in the

Company. The Holder is experienced in making investments of this type and has such knowledge and background in financial and business matters that the Holder is capable of evaluating the merits and risks of this investment and protecting its own interests. The Holder has had an opportunity to ask questions of, and receive answers from, the Company and its officers and employees regarding the business, financial affairs and other aspects of the Company, and has further had the opportunity to obtain information (to the extent the Company possesses or can acquire such information without unreasonable effort or expense) which the Holder deems necessary to evaluate an investment in the Company and to verify the accuracy of information otherwise provided to the Holder.

5. ADJUSTMENTS AND NOTICES. The Exercise Price and the number of Exercise Shares issuable upon exercise of this Series C Warrant shall be subject to adjustment from time to time in accordance with this Section 5.

5.1 Subdivision, Stock Dividends or Combinations. In case the Company shall at any time after the commencement of the Exercise Period subdivide the outstanding Common Stock or shall issue a stock dividend with respect to the Common Stock, the Exercise Price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Company shall at any time after the commencement of the Exercise Period combine the outstanding shares of Common Stock, the Exercise Price in effect immediately prior to such combination shall be proportionately increased, in each case effective at the close of business on the date of such subdivision, dividend or combination, as the case may be.

5.2 Reclassification, Exchange, Substitution, In-Kind Distribution. Upon any reclassification, exchange, substitution, or other event after the commencement of the Exercise Period that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Series C Warrant or upon the payment after the commencement of the Exercise Period of a dividend in securities or property other than shares of Common Stock, the Holder shall be entitled to receive, upon exercise or conversion of this Series C Warrant, the number and kind of securities and property that Holder would have received if this Series C Warrant had been exercised or converted immediately before the record date for such reclassification, exchange, substitution, or other event or immediately prior to the record date for such dividend. The Company or its successor shall promptly issue to Holder a new Series C Warrant for such new securities or other property. The new Series C Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5 including, without limitation, adjustments to the Series C Warrant Price and to the number of securities or property issuable upon exercise or conversion of the new Series C Warrant. The provisions of this Section 5.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events and successive dividends.

5.3 Consolidation, Merger, Sale, and the Like. In case of any (i) merger or consolidation of the Company into or with another corporation where the Company is not the surviving corporation (but including a merger for the purpose of reincorporating in a new domicile) (ii) sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the Company or (iii) sale by the Company's stockholders of 50% or more of the Company's outstanding securities in one or more related transactions, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to the Holder hereof a new Series C Warrant so that the Holder shall have the right to receive upon exercise or conversion of the unexercised or unconverted portion of this Series C Warrant, at a total purchase price not to exceed that payable upon the exercise or conversion of the unexercised or unconverted portion of this Series C Warrant, and in lieu of shares of Common Stock theretofore issuable upon exercise or conversion of this Series C Warrant, the kind and amount of shares of stock, or other securities, money and other property in lieu of such shares of stock, receivable upon or as a result of such reorganization, merger or sale by a holder of the number of shares of Common Stock for which this Series C Warrant is exercisable or convertible immediately prior to such event. Such new Series C Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5. The provisions of this Section 5.3 shall similarly apply to successive reorganizations, mergers, and sales.

5.4 Adjustment for Issuance of Additional Shares of Common Stock, Convertible Securities, or Common Stock Equivalents. The Exercise Price shall be subject to adjustment from time to time as set forth in this Section 5.4.

(a) Issuance of Additional Shares of Common Stock. In the event the Company shall at any time following the original date of issuance of this Series C Warrant issue any Additional Shares of Common Stock (defined hereinbelow) (otherwise than as provided in the foregoing Sections 5.1, 5.2, and 5.3, above), at a price per

share less than the Exercise Price then in effect or without consideration, then the Exercise Price upon each such issuance shall be adjusted to that price determined by multiplying the Exercise Price then in effect by a fraction:

(i) the numerator of which shall be equal to the sum of (x) the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus (y) the number of shares of Common Stock (rounded to the nearest whole share) that the aggregate consideration for the total number of such Additional Shares of Common Stock so issued would purchase at a price per share equal to the Exercise Price then in effect, and

(ii) the denominator of which shall be equal to the number of shares of Common Stock outstanding immediately after the issuance of such Additional Shares of Common Stock.

No adjustment of the number of shares of Common Stock for which this Series C Warrant shall be exercisable shall be made under paragraphs (i) and (ii) of this Section 5.4(a) upon the issuance of any Additional Shares of Common Stock that are issued pursuant to the exercise of any Common Stock Equivalents, if any such adjustment shall previously have been made upon the issuance of such Common Stock Equivalents (or upon the issuance of any warrant or other rights therefor) pursuant to Section 5. "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company after the Issuance Date.

(b) Issuance of Convertible Securities or Common Stock Equivalents. In the event the Company shall at any time following the original date of issuance of this Series C Warrant take a record of the holders of its Common Stock for the purpose of entitling them to receive a distribution of, or shall in any manner (whether directly or by assumption in a merger in which the Company is the surviving corporation) issue or sell any securities convertible into or exchange for, directly or indirectly, Common Stock (the "Convertible Securities"), or any rights or warrants or options to purchase any such Common Stock or Convertible Securities (collectively, the "Common Stock Equivalents"), whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange shall be less than the Exercise Price in effect immediately prior to the time of such issue or sale, or if, after any issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the Exercise Price in effect at the time of such amendment or adjustment, then the Exercise Price then in effect shall be adjusted to the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange and the Share Number shall be proportionately increased, such that the Aggregate Series C Warrant Price shall not be changed by any such adjustment(s) to the Exercise Price. No further adjustments of the number of shares of Common Stock for which this Series C Warrant is exercisable and the Exercise Price then in effect shall be made upon the actual issue of such Common Stock upon exercise, conversion, or exchange of any Convertible Security or Common Stock Equivalents.

5.5 Certificate of Adjustment. In each case of an adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to the Holder at the Holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in reasonable detail the facts upon which such adjustment or readjustment is based, including a statement of, if applicable, the type and amount, if any, of other property which at the time would be received upon exercise of this Series C Warrant.

5.6 No Impairment. The Company shall not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the holders of this Series C Warrant against impairment. In the event the Holder shall elect to exercise this Series C Warrant in whole or in part as provided herein, the Company cannot refuse exercise based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, unless (i) an order from the Securities and Exchange Commission prohibiting such exercise or (ii) an injunction from a court, on notice, restraining and/or enjoining exercise of any or all of this Series C Warrant shall have been issued and the Company posts a surety bond for the benefit of the Holder in an amount equal to 120% of the Exercise Price of that number of shares the Holder has elected to exercise, which bond shall remain in effect until

the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to the Holder in the event it obtains judgment.

6. **FRACTIONAL SHARES.** No fractional shares shall be issued upon the exercise of this Series C Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) issuable upon exercise of this Series C Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. No payments shall be made by the Company in respect of any fractional shares otherwise issuable pursuant to this Series C Warrant.

7. **NO STOCKHOLDER RIGHTS.** This Series C Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

8. **TRANSFER OF SERIES C WARRANT.** Subject to applicable laws, the restriction on transfer set forth on the first page of this Series C Warrant and in Section 4.4 and the terms of any applicable stockholders, investor rights, or similar agreement, this Series C Warrant and all rights hereunder are transferable, by the Holder in person or by duly authorized attorney, upon delivery of this Series C Warrant and the form of assignment attached hereto to any transferee designated by Holder, provided that the transferee shall have signed an investment letter in form and substance satisfactory to the Company and agreed to be bound by the provisions of this Series C Warrant. Notwithstanding anything to the contrary, no partial transfer of this Series C Warrant shall be permitted.

9. **LOST, STOLEN, MUTILATED, OR DESTROYED SERIES C WARRANT.** If this Series C Warrant is lost, stolen, mutilated, or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Series C Warrant, include the surrender thereof), issue a new Series C Warrant of like denomination and tenor as the Series C Warrant so lost, stolen, mutilated or destroyed. Any such new Series C Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Series C Warrant shall be at any time enforceable by anyone.

10. **NOTICES, ETC.** All notices and other communications required or permitted hereunder shall be in writing and shall be sent by express mail or other form of rapid communications, if possible, and if not then such notice or communication shall be mailed by first-class mail, postage prepaid, addressed in each case to the party entitled thereto at the following addresses: (a) if to the Company, to Mesa Energy, Inc., Attention: Chief Executive Officer, 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254, and (b) if to the Holder, to such address as originally furnished to the Company by the Holder, or at such other address as one party may furnish to the other in writing. Notice shall be deemed effective on the date dispatched if by personal delivery, two days after mailing if by express mail, or three days after mailing if by first-class mail.

11. **AMENDMENT.** This Series C Warrant may be amended or otherwise modified only by a writing signed by the Company and the Holder.

12. **ACCEPTANCE.** Receipt of this Series C Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. **GOVERNING LAW.** This Series C Warrant and all rights, obligations and liabilities hereunder shall be governed by the internal laws of the State of Nevada.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF, the Company has caused this Series C Warrant to be executed by its duly authorized officer as of the date first written above.

MESA ENERGY, INC., a Nevada corporation

By: _____

Name: _____

Title: _____

ATTEST:

NOTICE OF EXERCISE

TO: MESA ENERGY, INC.

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of Mesa Energy, Inc. (the "Company"), pursuant to the terms of the attached Series C Warrant, and tenders herewith payment of the exercise price in full pursuant to the terms of Section 2.1 of the attached Series C Warrant, together with all applicable transfer taxes, if any.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned represents that (i) the aforesaid shares of Common Stock are being acquired for the account of the undersigned for, and will be held for, the account of the undersigned only; (ii) the undersigned is aware of the Company's business affairs and financial condition, and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests.

(Date)

(Signature)

(Print name)

ASSIGNMENT FORM

(To assign the foregoing Series C Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Series C Warrant and all rights evidenced thereby are hereby assigned to

Name: _____

Address: _____
(Please Print)

Dated: _____, _____

Holder's
Signature: _____

Holder's
Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Series C Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Series C Warrant.

PART III — EXHIBITS

Item 1. Index to Exhibits

- 2.1 Articles of Incorporation of the Issuer, as filed with the Nevada Secretary of State's Office on January 18, 2006.
- 2.2 Articles of Merger of the Issuer, as filed with the Nevada Secretary of State's Office on March 10, 2006.
- 2.3 Certificate of Amendment to Articles of Incorporation of the Issuer, as filed with the Nevada Secretary of State's Office on March 21, 2008.
- 2.4 Bylaws of the Issuer.
- 3.1 Form of Class A Warrant.
- 3.2 Form of Class B Warrant
- 3.3 Form of Class C Warrant
- 4.1 Form of Subscription Agreement.
- 9 Form of Escrow Agreement. (to be filed by amendment)
- 11 Opinion of Bryan Cave LLP. (to be filed by amendment)

Item 2. Description of Exhibits

- 2.1* Articles of Incorporation of the Issuer, as filed with the Nevada Secretary of State's Office on January 18, 2006.
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- 2.4* Bylaws of the Issuer.
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- 3.2* Form of Class B Warrant
- 3.3* Form of Class C Warrant
- 4.1* Form of Subscription Agreement.
- 9 Form of Escrow Agreement. (to be filed by amendment)
- 11 Opinion of Bryan Cave LLP. (to be filed by amendment)

* filed herewith

SIGNATURES

The issuer has duly caused this offering statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on July 29, 2008.

MESA ENERGY, INC.

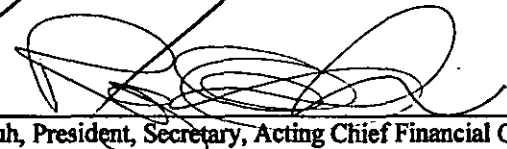
By:


Randy M. Griffin, Chief Executive Officer and Chairman of the Board

This offering statement has been signed by the following persons in the capacities and on the dates indicated.


Randy M. Griffin, Chief Executive Officer and Chairman of the Board

July 29, 2008


Ray L. Unruh, President, Secretary, Acting Chief Financial Officer
and a director

July 29, 2008

Exhibit 19.1



DEAN HELLER
Secretary of State
206 North Carson Street
Carson City, Nevada 89701-4299
(775) 684 6708
Website: secretaryofstate.biz

Entry #
E0024882006-2
Document Number
20060024352-94

Date Filed:
1/18/2006 9:13:46 AM
In the office of

Articles of Incorporation
(PURSUANT TO NRS 78)

Dean Heller
Secretary of State

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Corporation:	Mesa Energy, Inc.		
2. Resident Agent Name and Street Address: <small>(must be a Nevada address where process may be served)</small>	Affordable Business Services Inc. Name 1061 E Flamingo Rd. #1 Street Address Las Vegas Nevada 89119 City Zip Code 1350 E Flamingo Rd. #300 Optional Mailing Address Las Vegas 89119 City State Zip Code		
3. Shares: <small>(Number of shares with par value and without par value)</small>	Number of shares with par value: 70,000,000 Per value: \$.001 Number of shares without par value:		
4. Names & Addresses of Board of Directors/Trustees: <small>(each address must be a Nevada address)</small>	1. Randy M. Griffin Name 5220 Spring Valley Road, Suite 525 Street Address Dallas TX 75254 City State Zip Code 2. Name Street Address City State Zip Code 3. Name Street Address City State Zip Code		
5. Purpose: <small>(optional to include)</small>	The purpose of this Corporation shall be:		
6. Names, Addresses and Signatures of Incorporator: <small>(each address must be a Nevada address)</small>	Randy M. Griffin Name Signature 5220 Spring Valley Road, Suite 525 Address Dallas TX 75254 City State Zip Code		
7. Certificate of Acceptance of Appointment of Resident Agent:	I hereby accept appointment as Resident Agent for the above named corporation. Signature of R. A. or On Behalf of R. A. Company Date 1/14/06		



DEAN HELLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4200
(775) 684 5700
Web site: secretaryofstate.biz

Entity #
E0024882006-2
Document Number
20060151505-35

Date Filed:
3/10/2006 8:00:56 AM
In the office of

Dean Heller

Dean Heller
Secretary of State

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Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 1

(Pursuant to Nevada Revised Statutes Chapter 92A)
(excluding 92A.200(4b))

- 1) Name and jurisdiction of organization of each constituent entity (NRS 92A.200). If there are more than four merging entities, check box ☐ and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity.

Mesa Energy, Inc.

Name of merging entity

Colorado
Jurisdiction

Corporation
Entity type *

Name of merging entity

Jurisdiction

Entity type *

Name of merging entity

Jurisdiction

Entity type *

Name of merging entity

Jurisdiction

Entity type *

and,

Mesa Energy, Inc.

Name of surviving entity

Nevada
Jurisdiction

Corporation
Entity type *

* Corporation, non-profit corporation, limited partnership, limited-liability company or business trust.

Filing Fee: \$350.00

This form must be accompanied by appropriate fees.

Revised Statute of Nevada Chapter 92A
Revised 10/2005



DEAN HELLER
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Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 2

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- 2) Forwarding address where copies of process may be sent by the Secretary of State of Nevada (if a foreign entity is the survivor in the merger - NRS 92A.190):

Attn: _____
c/o: _____

- 3) (Choose one)

- ☒ The undersigned declares that a plan of merger has been adopted by each constituent entity (NRS 92A.200).
☐ The undersigned declares that a plan of merger has been adopted by the parent domestic entity (NRS 92A.190).

- 4) Owner's approval (NRS 92A.200)(systems a, b, or c must be used, as applicable, for each entity) (if there are more than four merging entities, check box ☐ and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity):

- (a) Owner's approval was not required from

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or:

Mesa Energy, Inc. (Nevada)

Name of surviving entity, if applicable

This form must be accompanied by appropriate fees.

Revised January 11, 2006 AN 000001 2/06
Revised on 02/06/06



DEAN KELLER
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Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 3

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(b) The plan was approved by the required consent of the owners of:

Mesa Energy, Inc. (Colorado)

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or:

Name of surviving entity, if applicable

* Unless otherwise provided in the certificate of trust or governing instrument of a business trust, a merger must be approved by all the trustees and beneficial owners of each business trust that is a constituent entity in the merger.

This form must be accompanied by appropriate fees.

Nevada Revised Statutes, Chapter 92A, Article 200
Revised on 11/03/23



DEAN HELLER
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Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 4

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(c) Approval of plan of merger for Nevada non-profit corporation (NRS 92A.160):

The plan of merger has been approved by the directors of the corporation and by each public officer or other person whose approval of the plan of merger is required by the articles of incorporation of the domestic corporation.

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or,

Name of surviving entity, if applicable

This form must be accompanied by appropriate fees.

Nevada Secretary of State AM Merger 2005
Revised 01/10/05



DEAN HELLER
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Carson City, Nevada 89701-4399
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Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 5

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6) Amendments, if any, to the articles or certificate of the surviving entity. Provide article numbers, if available. (NRS 92A.200):

6) Location of Plan of Merger (check a or b):

☐

(a) The entire plan of merger is attached;

or,

☒

(b) The entire plan of merger is on file at the registered office of the surviving corporation, limited-liability company or business trust, or at the records office address if a limited partnership, or other place of business of the surviving entity (NRS 92A.200).

7) Effective date (optional):

* Amended and restated articles may be attached as an exhibit or integrated into the articles of merger. Please entitle them "Restated" or "Amended and Restated," accordingly. The form to accompany restated articles prescribed by the secretary of state must accompany the amended and/or restated articles. Pursuant to NRS 92A.180 (merger of subsidiary into parent - Nevada parent owning 90% or more of subsidiary), the articles of merger may not contain amendments to the constituent documents of the surviving entity except that the name of the surviving entity may be changed.

** A merger takes effect upon filing the articles of merger or upon a later date as specified in the articles, which must not be more than 90 days after the articles are filed (NRS 92A.240).

This form must be accompanied by appropriate fees.

ISSUED BY SECRETARY OF STATE, JAN. 14, 2013
Revised 4-1-10 (SOS)



DEAN HELLER
Secretary of State
204 North Carson Street, Suite 1
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Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 6

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3) Signatures - Must be signed by: An officer of each Nevada corporation; All general partners of each Nevada limited partnership; All general partners of each Nevada limited liability partnership; A manager of each Nevada limited liability company with managers or all the members if there are no managers; A trustee of each Nevada business trust (NRS 92A.230).

(If there are more than four merging entities, check box ☐ and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity.):

Mesa Energy, Inc. (Colorado)

Name of merging entity

Signature

President
Title

3-10-06
Date

Name of merging entity

Signature

Title

Date

Name of merging entity

Signature

Title

Date

Name of merging entity

Signature

Title

Date

Mesa Energy, Inc. (Nevada)

Name of surviving entity

Signature

Chairman and CEO
Title

3-10-06
Date

* The articles of merger must be signed by each foreign constituent entity in the manner provided by the law governing it (NRS 92A.230). Additional signature blocks may be added to this page or as an attachment, as needed.

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

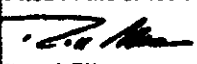
This form must be accompanied by appropriate fees.

Revised Secretary of State - NV (2007-2008)
Revised 01/10/07



ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4288
(775) 684 6708
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Certificate of Amendment
(PURSUANT TO NRS 78.385 AND 78.390)

Filed in the office of	Document Number
	20080197719-14
Ross Miller Secretary of State State of Nevada	Filing Date and Time 03/21/2008 7:39 AM
	Entity Number E0024882006-2

USE BLACK INK ONLY - DO NOT HIGHLIGHT

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Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

Mesa Energy, Inc.

2. The articles have been amended as follows (provide article numbers, if available):

Article 3 is hereby amended to read as follows:

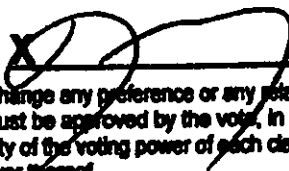
3. Shares. The number of shares which the Corporation is authorized to issue is One Hundred Ten Million (110,000,000) shares, One Hundred Million (100,000,000) of which shall be Common Shares, par value \$0.001 per share, and Ten Million (10,000,000) of which shall be Preferred Shares, par value \$0.001 per share. The Board of Directors may designate one or more series of such Preferred Shares and shall establish the rights, restrictions, preferences and privileges of such Preferred Shares from time-to-time by duly authorized resolution.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the* articles of incorporation have voted in favor of the amendment is: 84.83%

4. Effective date of filing (optional):

(must not be later than 90 days after this certificate is filed)

5. Officer Signature (Required):



*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State AM 78.385 Amend 2007
Revised arc 01/01/07

BYLAWS

OF

MESA ENERGY, INC.
(a Nevada corporation)

ARTICLE I

OFFICES

Section 1.1. PRINCIPAL OFFICE. The principal office of this corporation shall be located in the City of Dallas, State of Texas.

~~Section 1.2. OTHER OFFICES. The corporation may also have offices at such other places both within and without the State of Nevada as the Board of Directors may from time to time determine or the business of the corporation may require.~~

ARTICLE II

STOCKHOLDERS

Section 2.1. ANNUAL MEETINGS. Annual meetings of the stockholders shall be held each year on a date and at a time designated by the Board of Directors. At the annual meeting, the stockholders shall elect by vote a Board of Directors and transact such other business as may properly be brought before the meeting.

Section 2.2. SPECIAL MEETINGS. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation may be called by the Chairman of the Board of Directors, by the Chief Executive Officer or by resolution of the Board of Directors or at the request in writing of one or more stockholders owning shares in the aggregate entitled to cast not less than ten percent (10%) of the votes at the meeting. Such request shall state the purpose of the proposed meeting and shall be personally delivered or sent by registered mail or by telegraph or other facsimile transmission to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary of the Corporation. The officer receiving the request shall cause notice to be promptly given to the stockholders entitled to vote, in accordance with the provisions of Section 2.4 of this Article II. If notice is not given within sixty days (60) days of the request, the person or persons requesting the meeting may, subject to any applicable federal or state law including but not limited to federal securities laws, give the notice. Nothing contained in this Section 2.2 shall be construed as limiting, fixing or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.3. PLACE OF MEETING. All annual meetings of the stockholders shall be held at the principal office of the corporation or at such other place within or without the State of Nevada as the directors shall determine. Special meetings of the stockholders may be held at such time and place within or without the State of Nevada as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2.4. NOTICES. Notices of meetings shall be in writing and signed by the Chief Executive Officer, the President or a Vice-President or the Secretary or an Assistant Secretary or by such other person or persons as the directors shall designate. Such notice shall state the purpose or purposes for which the meeting is called and the time and the place, which may be within or without this State, where it is to be held. The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, management intends to present for election. A copy of such notice shall be either delivered personally to or shall be mailed, postage prepaid, to each stockholder of record entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before such meeting. If mailed, it shall be directed to a stockholder at his address as it appears upon the records of the

corporation and upon such mailing of any such notice, the service thereof shall be complete and the time of the notice shall begin to run from the date upon which such notice is deposited in the mail for transmission to such stockholder. Personal delivery of any such notice to any officer of a corporation or association or to any member of a partnership shall constitute delivery of such notice to such corporation, association or partnership. In the event of the transfer of stock after delivery of such notice of and prior to the holding of the meeting it shall not be necessary to deliver or mail notice of the meeting to the transferee.

Section 2.5. AFFIDAVIT OF MAILING. An affidavit of the mailing or other means of giving any notice of any stockholders' meeting may be executed by the Secretary, Assistant Secretary, or any Transfer Agent of the Corporation giving the notice, and shall be filed and maintained in the minute book of the Corporation.

Section 2.6. QUORUM. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders or if the voting power necessary to approve a matter for which the meeting has been noticed has not voted in favor of such matter, the stockholders entitled to vote thereat, present in person or represented by proxy, the Chairman of the Board of Directors, or a majority of the Board of Directors shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present or represented or until the voting power necessary to approve the matter for which the meeting has been noticed has been voted in favor of such matter.

Section 2.7. ADJOURNMENT. When any meeting of stockholders, either annual or special, is adjourned to another time or place, notice may not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Board of Directors shall set a new record date. Notice of any such adjourned meeting, if required, shall be given to each stockholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Section 2.4 of this Article II. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.8. VOTING. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall be sufficient to elect directors or to decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question. Each Common Stockholder of record of the corporation shall be entitled at each meeting of stockholders to one vote for each share of Common Stock standing in his, her or its name on the books of the corporation. Upon the demand of any Common Stockholder, the vote for directors and the vote upon any question before the meeting shall be by ballot.

Section 2.9. PROXIES; INSPECTORS OF ELECTION. At any meeting of the stockholders any stockholder may be represented and vote by a proxy or proxies appointed by an instrument in writing. In the event that any such instrument in writing shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. No proxy or power of attorney to vote shall be used to vote at a meeting of the stockholders unless it shall have been filed with the secretary of the meeting when required by the inspectors of election. All questions regarding the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by three inspectors of election who shall be appointed by the Board of Directors, or if not so appointed, then by the presiding officer of the meeting.

The inspectors of election shall:

- (a) Determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;
- (b) Receive votes, ballots, or consents;
- (c) Hear and determine all challenges and questions in any way arising in connection with the right to vote;

- (d) Count and tabulate all votes or consents;
- (e) Determine when the polls shall close;
- (f) Determine the results; and
- (g) Do any other acts that may be proper to conduct the election or vote with fairness to all stockholders.

Section 2.10. ACTION BY WRITTEN CONSENT. Any action which may be taken by the vote of the stockholders at a meeting may be taken without a meeting if authorized by the written consent of stockholders holding at least a majority of the voting power, unless the provisions of the statutes or of the Articles of Incorporation require a greater proportion of voting power to authorize such action in which case such greater proportion of written consents shall be required.

Section 2.11. WAIVER OF NOTICE. The transactions of any meeting of stockholders, either annual or special, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice of consent need not specify either the business to be transacted or the purpose of any annual or special meeting of stockholders. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by law to be included in the notice of the meeting, but not so included, if that objection is expressly made at the meeting.

ARTICLE III

DIRECTORS

Section 3.1. GENERAL POWERS. The business of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things not otherwise required by statute, by the Articles of Incorporation or by these Bylaws to be exercised or addressed by the Common Stockholders.

Section 3.2. NUMBER. The number of directors may from time to time be increased or decreased by action of the Board of Directors to not less than one (1) nor more than nine (9).

Section 3.3. TENURE AND QUALIFICATION. Each Director shall hold office until the next annual meeting of shareholders and until his/her successor shall have been duly elected and qualified. Directors need not be residents of the State of Nevada or shareholders of the corporation.

Section 3.3. VACANCIES. Vacancies in the Board of Directors, including those caused by an increase in the number of directors, may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or a special meeting of the stockholders. The holders of a majority of the outstanding shares of stock entitled to vote may at any time peremptorily terminate the term of office of all or any of the directors by vote at a meeting called for such purpose or by a written statement filed with the secretary or, in his absence, with any other officer. Such removal shall be effective immediately, even if successors are not elected simultaneously and the vacancies on the Board of Directors resulting there from shall be filled only by the stockholders.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any directors, or if the authorized number of directors be increased, or if the Board of Directors by resolution declares vacant the office of director who has been declared of unsound mind by an order of the court or if the stockholders fail at any annual or special meeting of stockholders at which any director or directors are elected to elect the full authorized number of directors to be voted for at that meeting.

The stockholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the stockholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

Section 4.1. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at any place within or without the State which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation, regular meetings shall be held at the principal office of the corporation. Special meetings of the Board may be held either at a place so designated or at the principal office. Any meeting, regular or special, may be held by conference telephone network or similar communications method by which all persons participating in the meeting can hear each other. Regular meetings of the Board of Directors may be held without call or notice at such time and at such place as shall from time to time be fixed and determined by the Board of Directors.

Section 4.2. INITIAL MEETING. The first meeting of each newly elected Board of Directors shall be held at any place within or without the State which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as herein provided for special meetings of the Board of Directors.

Section 4.3. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman, the Chief Executive Officer, the President or by any two (2) directors. Written notice of the time and place of special meetings shall be delivered personally to each director, or sent to each director by mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such director.

Section 4.4. ADJOURNMENT. Notice of the time and place of holding an adjourned meeting need not be given to the absent directors if the time and place be fixed at the meeting adjourned and unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of the time and place shall be given before the time of the adjourned meeting in the manner specified in Section 4.3, to the directors who were not present at the time of the adjournment.

Section 4.5. VALIDITY OF TRANSACTIONS. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 4.6. QUORUM. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number be required by law or by the Articles of Incorporation. Any action of a majority, although not at a regularly called meeting, and the record thereof, if assented to in writing by all of the other members of the Board shall be as valid and effective in all respects as if passed by the Board in regular meeting. A quorum of the directors may adjourn any directors meeting to meet again at a stated day and hour, provided, however, that in the absence of a quorum, a majority of the directors present at any directors meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 4.7. WRITTEN CONSENT. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Section 4.8. COMPENSATION. The directors may be paid their expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation for said service. Members of special or standing committees may be allowed like reimbursement and compensation for attending committee meetings.

ARTICLE V

COMMITTEES OF DIRECTORS

Section 5.1. COMMITTEES. The Board of Directors may, by resolution adopted by a majority of the whole Board of Directors, designate one or more committees of the Board of Directors, each committee to consist of one or more of the directors of the corporation which, to the extent provided in the resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the corporation and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. At meetings of such committees, a majority of the members or alternate members shall constitute a quorum for the transaction of business, and the act of a majority of the members or alternate members at any meeting at which there is a quorum shall be the act of the committee.

Section 5.2. MINUTES. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors.

Section 5.3. MEETING AUTHORITY. Meetings and actions of the committee shall be governed by, and held and taken in accordance with, the provisions of Article IV of these Bylaws, Section 4.1 (regular meetings), Section 4.2 (place of meetings), Section 4.3 (special meetings and notice), Section 4.4 (adjournment and notice of adjournment), Section 4.6 (quorum), Section 4.7 (action without a meeting) and Section 6.2 (waiver of notice), with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee; special meetings of committees may also be called by resolution of the Board of Directors; and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE VI

NOTICES

Section 6.1. NOTICES. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by telegram.

Section 6.2. CONSENTS. Whenever all parties entitled to vote at any meeting, whether of directors or stockholders, consent, either by a writing on the records of the meeting or filed with the secretary, or by presence at such meeting and oral consent entered on the minutes, or by taking part in the deliberations at such meeting without objection, the doings of such meeting shall be as valid as if had at a meeting regularly called and noticed, and at such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time, and if any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of said meeting may be ratified and approved and rendered likewise valid and the irregularity or defect therein waived by a writing signed by all parties having the right

to vote at such meeting; and such consent or approval of stockholders may be by proxy or attorney, but all such proxies and powers of attorney must be in writing.

Section 6.3. VALID NOTICE. Whenever any notice whatever is required to be given under the provisions of the statutes, of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII

OFFICERS

Section 7.1. REQUIRED OFFICERS. The officers of the corporation shall be chosen by the Board of Directors and shall be a Chief Executive Officer, a President, a Secretary and a Treasurer. Any person may hold two or more offices.

Section 7.2. CHAIRMAN OF THE BOARD OF DIRECTORS. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a Chairman of the Board, who shall be a Director, and a Vice Chairman of the Board, a Secretary and a Treasurer, none of whom need be Directors.

Section 7.3. OFFICERS' POWERS. The Board of Directors may appoint a Chairman of the Board, Vice-Chairman of the Board, Vice Presidents and one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 7.4. OFFICERS' COMPENSATION. The salaries and compensation of all officers of the Corporation shall be fixed by the Board of Directors.

Section 7.5. REMOVAL OF OFFICERS. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors. Any officer may resign at any time by giving written notice to the Corporation.

Section 7.6. CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside at meetings of the stockholders and the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 7.7. VICE-CHAIRMAN. The Vice-Chairman shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties as the Board of Directors may from time to time prescribe.

Section 7.8. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall, subject to the control of the Board of Directors, have active management of the business of the Corporation. He shall execute on behalf of the corporation all instruments requiring such execution except to the extent the signing and execution thereof shall be expressly designated by the Board of Directors to some other officer or agent of the corporation. The Chief Executive Officer may appoint such other officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the bylaws or as the Board of Directors may from time to time determine.

Section 7.9. PRESIDENT. The President shall work with the Chief Executive Officer, if any, and, subject to the control of the Board of Directors, share in the active management of the business of the Corporation with the Chief Executive Officer.

Section 7.10. VICE PRESIDENTS. The Vice-President(s) shall act under the direction of the Chief Executive Officer. They shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe. The Board of Directors may designate one or more Executive Vice Presidents or may otherwise specify the order of seniority of the Vice Presidents. The duties and powers of the President shall descend to the Vice Presidents in such specified order of seniority.

Section 7.11. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall act in an executive financial capacity. He shall assist the Chairman of the Board and the Chief Executive Officer in the general supervision of the Corporation's financial policies and affairs.

Section 7.12. SECRETARY. The Secretary shall act under the direction of the Chief Executive Officer. Subject to the direction of the Chief Executive Officer, he shall attend all meetings of the Board of Directors and all meetings of the stockholders and record the proceedings. He shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Chief Executive Officer or the Board of Directors.

Section 7.13. ASSISTANT SECRETARIES. The Assistant Secretaries shall act under the direction of the Chief Executive Officer and the Secretary. In order of their seniority, unless otherwise determined by the Chief Executive Officer or the Board of Directors, they shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of directors may from time to time prescribe.

Section 7.14. TREASURER. The Treasurer shall act under the direction of the Chief Executive Officer. Subject to the direction of the Chief Executive Officer, he shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the corporation as may be ordered by the Chief Executive Officer or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the corporation.

Section 7.15. ASSISTANT TREASURER. The Assistant Treasurers, in the order of their seniority, unless otherwise determined by the Chief Executive Officer or the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

ARTICLE VIII

CERTIFICATES OF STOCK

Section 8.1. CERTIFICATION. Every stockholder shall be entitled to have a certificate signed by the Chief Executive Officer and the Secretary of the corporation, certifying the number of shares owned by him, her or it in the corporation. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative participating, optional or other special rights of the various classes of stock or series thereof and the qualifications, limitations or restrictions of such rights, shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such stock.

Section 8.2. REPLACED CERTIFICATES. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

Section 8.3. CERTIFICATE SURRENDER. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation, if it is satisfied that all provisions of the laws and regulations applicable to the corporation regarding transfer and ownership of shares have been complied with, to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 8.4. DIVIDENDS. The Board of Directors may fix in advance a date not exceeding sixty (60) days nor less than ten (10) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining the consent of stockholders for any purpose, as a record date for the determination of the stockholders entitled to receive payment of any such dividend, or to give such consent, and in such case, such stockholders, and only such stockholders as shall be stockholders of record on the date so fixed, shall be entitled to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

Section 8.5. CORPORATE REGISTRAR. The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and dividends, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

ARTICLE IX

RECORDS AND REPORTS

Section 9.1. STOCK LEDGER. The Corporation shall either maintain at its principal office a record of its stockholders, giving the names and addresses of all stockholders and the number and class of shares held by each stockholder, or in lieu thereof maintain at its principal office a statement setting out the name of the custodian of the stock ledger.

Section 9.2. ACCOUNTING BOOKS AND RECORDS. The accounting books and records and minutes of proceedings of the stockholders and the Board of Directors and any committee or committees of the Board of Directors shall be kept at such place or places designated by the Board of Directors. The minutes, accounting books, and the records shall be kept either in written form or in any other form capable of being converted into written form. Subject to NRS 78.257, as amended, the minutes and accounting books and records shall be open to inspection by the stockholders.

Section 9.3. INSPECTION. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind, and the physical properties of the Corporation and each of its subsidiary corporations. This inspection by a director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

ARTICLE X

GENERAL PROVISIONS

Section 101. DIVIDENDS. Dividends upon the capital stock of the corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting. Dividends may be paid in cash, in property or in shares of capital stock, subject to the provisions of the Articles of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends or for repairing or maintaining any property of the corporation or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 10.2. CHECKS OR DEMANDS. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 10.3. FISCAL YEAR. The fiscal year of the corporation shall be the calendar year, unless otherwise fixed by a resolution of the Board of Directors of the corporation.

Section 10.4. SEAL. The corporation shall adopt a corporate seal and have inscribed thereon the name of the corporation and the words "Corporate Seal" and "Nevada." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 10.5. AUTHORITY. The Chairman of the Board, the Chief Executive Officer or any other person authorized by resolution of the Board of Directors or by any of the foregoing designated officers, is authorized to vote on behalf of the Corporation any and all shares of any other corporation or corporations, foreign or domestic, standing in the name of the Corporation. The authority granted to these officers to vote or represent on behalf of the Corporation any and all shares held by the Corporation in any other corporation or corporations may be exercised by any of these officers in person or by any person authorized to do so by a proxy duly executed by the Chairman or the Chief Executive Officer.

Section 10.6. GOVERNING LAW. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the NEVADA REVISED STATUTES shall govern the construction of these Bylaws. Without limiting the generality of these provisions, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the Corporation and a natural person.

ARTICLES XI

AMENDMENTS

Section 11.1. AMENDMENT BY STOCKHOLDERS. The Bylaws may be amended by a two-thirds (2/3) vote of all the stock issued and outstanding and entitled to vote at any annual or special meeting of the stockholders, provided notice of intention to amend shall have been contained in the notice of the meeting.

Section 11.2. AMENDMENT BY BOARD OF DIRECTORS. The Board of Directors by a majority vote of the whole Board at any meeting may amend these Bylaws, including Bylaws adopted by the stockholders, but the stockholders may from time to time specify particular provisions of the Bylaws which shall not be amended by the Board of Directors.

ARTICLE XII

INDEMNIFICATION

Section 12. INDEMNIFICATION. Every person who was or is a party or is threatened to be a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director, officer, legal spouse (whether such status is derived by reason of statutory law, common law or otherwise of any applicable jurisdiction) of a director or officer, employee, agent, or other person of this corporation, or is or was serving at the request of this corporation or for its benefit as a director, officer, employee or other person of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the law of the state of Nevada as it may be amended from time to time against all expenses, liability and loss (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him or her in connection therewith. The indemnification of a legal spouse of a director or officer shall not extend to any claim for any actual or alleged wrongful act of the spouse, but shall apply only to actual or alleged wrongful acts of a director or officer as provided in this Article. The expenses of a director, officer or legal spouse of a director or officer, incurred in defending a civil or criminal action, suit or proceeding must be paid by this corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director, officer, or legal spouse of a director or officer, to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by this corporation. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such a director, officer, legal spouse of a director or officer, agent or other person may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under the Articles of Incorporation, any agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article.

Without limiting the application of the foregoing, the Board of Directors may cause this corporation to

purchase and maintain insurance on behalf of any person who is or was a director, officer, legal spouse of a director or officer, employee, agent or other person of this corporation or is or was serving at the request of this corporation as a director, officer, employee, agent or other person of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not this corporation would have the power to indemnify such person.

CERTIFICATE OF SECRETARY

I hereby certify that I am the Secretary of Mesa Energy, Inc. and that the foregoing Bylaws were duly adopted by the Board of Directors of Mesa Energy, Inc. on January 19th, 2006.



Ray L. Unruh, Secretary

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER ANY APPLICABLE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND QUALIFICATION UNDER SUCH STATE SECURITIES LAWS OR AN OPINION OF COUNSEL OR OTHER EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND/OR QUALIFICATION IS NOT REQUIRED.

MESA ENERGY, INC.

SERIES A WARRANT TO PURCHASE SHARES OF COMMON STOCK

No. A- _____

August __, 2008

THIS CERTIFIES THAT, for value received, _____, a _____ (the "Investor"), or Investor's assigns (Investor and Investor's assigns being the "Holder"), is entitled to subscribe for and purchase at any time during the Exercise Period from Mesa Energy, Inc., a Nevada corporation, with its principal office located at 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254 (the "Company"), a number of shares of Common Stock equal to the Share Number at a per share price equal to the Exercise Price in effect at such time. This Series A Warrant is issued in conjunction with the shares of the Company's Common Stock issued pursuant to the Subscription Agreement dated as of August __, 2008, by and between the Company and the Investor.

1. **DEFINITIONS.** As used herein, the following terms shall have the following respective meanings:

- (a) "Aggregate Series A Warrant Price" shall mean the dollar value obtained by multiplying \$1.00 by _____.
- (b) "Common Stock" shall mean the common stock of the Company.
- (c) "Exercise Period" shall mean the period commencing on the original date of issuance of this Series A Warrant and ending at the end of business three months thereafter.
- (d) "Exercise Price" shall mean \$1.00 per share of Common Stock.
- (e) "Exercise Shares" shall mean any Common Stock acquired upon exercise of this Series A Warrant.
- (f) "Share Number", at any time, shall mean (i) the Aggregate Series A Warrant Price minus the aggregate exercise price previously paid upon exercise of this Series A Warrant, divided by (ii) the Exercise Price then in effect.

2. **EXERCISE OF SERIES A WARRANT.**

2.1 **General; Exercise of Series A Warrant.**

(a) The rights represented by this Series A Warrant may be exercised as a whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

- (i) An executed Notice of Exercise in the form attached hereto;
- (ii) Payment of the Exercise Price either in cash or by check; and
- (iii) This Series A Warrant.

(b) Upon the exercise of the rights represented by this Series A Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates (and such designation is in compliance with applicable securities laws and any stockholders, investor rights or similar agreement), shall be issued and delivered to the Holder as promptly as practicable after the rights represented by this Series A Warrant shall have been so exercised.

(c) The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Series A Warrant shall be deemed to have become the holder of record of such shares on the date on which this Series A Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3. COVENANTS OF THE COMPANY.

3.1 Covenants as to Exercise Shares. The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Series A Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens, and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will, at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Series A Warrant. If at any time during the Exercise Period, the number of authorized but unissued shares of Common Stock shall not be sufficient to permit exercise of this Series A Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

3.2 No Impairment. Except and to the extent as waived or consented to by the Holder, the Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Series A Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder against impairment.

3.3 Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend which is the same as cash dividends paid in previous quarters) or other distribution, the Company shall mail to the Holder, at least ten (10) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

4. REPRESENTATIONS OF HOLDER.

4.1 Acquisition of Series A Warrant for Personal Account. The Holder represents and warrants that it is not acquiring the Series A Warrant and any shares of capital stock issued or issuable upon exercise of the Series A Warrant with a view to or for resale in connection with any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended. The Holder also represents that the entire legal and beneficial interests of the Series A Warrant and Exercise Shares the Holder is acquiring is being acquired for, and will be held for, the account of the Holder only.

4.2 No Current Public Market. The Holder represents and warrants that it understands that there is no current public market for the Warrants and any shares of capital stock issued or issuable upon exercise of the Series A Warrant, that no orderly public market therefor may be created or maintained, that such securities may be illiquid, and that the Holder may not be able to dispose of any or all of such securities at any time or at any price and may lose the entire value of his investment.

4.3 Due Diligence. The Holder is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company, at or about the date of this Series A Warrant, that is deemed to relate to the Company, to reach an informed and knowledgeable decision regarding its investment in the

Company. The Holder is experienced in making investments of this type and has such knowledge and background in financial and business matters that the Holder is capable of evaluating the merits and risks of this investment and protecting its own interests. The Holder has had an opportunity to ask questions of, and receive answers from, the Company and its officers and employees regarding the business, financial affairs and other aspects of the Company, and has further had the opportunity to obtain information (to the extent the Company possesses or can acquire such information without unreasonable effort or expense) which the Holder deems necessary to evaluate an investment in the Company and to verify the accuracy of information otherwise provided to the Holder.

5. ADJUSTMENTS AND NOTICES. The Exercise Price and the number of Exercise Shares issuable upon exercise of this Series A Warrant shall be subject to adjustment from time to time in accordance with this Section 5.

5.1 Subdivision, Stock Dividends or Combinations. In case the Company shall at any time after the commencement of the Exercise Period subdivide the outstanding Common Stock or shall issue a stock dividend with respect to the Common Stock, the Exercise Price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Company shall at any time after the commencement of the Exercise Period combine the outstanding shares of Common Stock, the Exercise Price in effect immediately prior to such combination shall be proportionately increased, in each case effective at the close of business on the date of such subdivision, dividend or combination, as the case may be.

5.2 Reclassification, Exchange, Substitution, In-Kind Distribution. Upon any reclassification, exchange, substitution, or other event after the commencement of the Exercise Period that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Series A Warrant or upon the payment after the commencement of the Exercise Period of a dividend in securities or property other than shares of Common Stock, the Holder shall be entitled to receive, upon exercise or conversion of this Series A Warrant, the number and kind of securities and property that Holder would have received if this Series A Warrant had been exercised or converted immediately before the record date for such reclassification, exchange, substitution, or other event or immediately prior to the record date for such dividend. The Company or its successor shall promptly issue to Holder a new Series A Warrant for such new securities or other property. The new Series A Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5 including, without limitation, adjustments to the Series A Warrant Price and to the number of securities or property issuable upon exercise or conversion of the new Series A Warrant. The provisions of this Section 5.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events and successive dividends.

5.3 Consolidation, Merger, Sale, and the Like. In case of any (i) merger or consolidation of the Company into or with another corporation where the Company is not the surviving corporation (but including a merger for the purpose of reincorporating in a new domicile) (ii) sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the Company or (iii) sale by the Company's stockholders of 50% or more of the Company's outstanding securities in one or more related transactions, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to the Holder hereof a new Series A Warrant so that the Holder shall have the right to receive upon exercise or conversion of the unexercised or unconverted portion of this Series A Warrant, at a total purchase price not to exceed that payable upon the exercise or conversion of the unexercised or unconverted portion of this Series A Warrant, and in lieu of shares of Common Stock theretofore issuable upon exercise or conversion of this Series A Warrant, the kind and amount of shares of stock, or other securities, money and other property in lieu of such shares of stock, receivable upon or as a result of such reorganization, merger or sale by a holder of the number of shares of Common Stock for which this Series A Warrant is exercisable or convertible immediately prior to such event. Such new Series A Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5. The provisions of this Section 5.3 shall similarly apply to successive reorganizations, mergers, and sales.

5.4 Adjustment for Issuance of Additional Shares of Common Stock, Convertible Securities, or Common Stock Equivalents. The Exercise Price shall be subject to adjustment from time to time as set forth in this Section 5.4.

(a) Issuance of Additional Shares of Common Stock. In the event the Company shall at any time following the original date of issuance of this Series A Warrant issue any Additional Shares of Common Stock (defined hereinbelow) (otherwise than as provided in the foregoing Sections 5.1, 5.2, and 5.3, above), at a price per

share less than the Exercise Price then in effect or without consideration, then the Exercise Price upon each such issuance shall be adjusted to that price determined by multiplying the Exercise Price then in effect by a fraction:

(i) the numerator of which shall be equal to the sum of (x) the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus (y) the number of shares of Common Stock (rounded to the nearest whole share) that the aggregate consideration for the total number of such Additional Shares of Common Stock so issued would purchase at a price per share equal to the Exercise Price then in effect, and

(ii) the denominator of which shall be equal to the number of shares of Common Stock outstanding immediately after the issuance of such Additional Shares of Common Stock.

No adjustment of the number of shares of Common Stock for which this Series A Warrant shall be exercisable shall be made under paragraphs (i) and (ii) of this Section 5.4(a) upon the issuance of any Additional Shares of Common Stock that are issued pursuant to the exercise of any Common Stock Equivalents, if any such adjustment shall previously have been made upon the issuance of such Common Stock Equivalents (or upon the issuance of any warrant or other rights therefor) pursuant to Section 5. "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company after the Issuance Date.

(b) Issuance of Convertible Securities or Common Stock Equivalents. In the event the Company shall at any time following the original date of issuance of this Series A Warrant take a record of the holders of its Common Stock for the purpose of entitling them to receive a distribution of, or shall in any manner (whether directly or by assumption in a merger in which the Company is the surviving corporation) issue or sell any securities convertible into or exchange for, directly or indirectly, Common Stock (the "Convertible Securities"), or any rights or warrants or options to purchase any such Common Stock or Convertible Securities (collectively, the "Common Stock Equivalents"), whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange shall be less than the Exercise Price in effect immediately prior to the time of such issue or sale, or if, after any issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the Exercise Price in effect at the time of such amendment or adjustment, then the Exercise Price then in effect shall be adjusted to the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange and the Share Number shall be proportionately increased, such that the Aggregate Series A Warrant Price shall not be changed by any such adjustment(s) to the Exercise Price. No further adjustments of the number of shares of Common Stock for which this Series A Warrant is exercisable and the Exercise Price then in effect shall be made upon the actual issue of such Common Stock upon exercise, conversion, or exchange of any Convertible Security or Common Stock Equivalents.

5.5 Certificate of Adjustment. In each case of an adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to the Holder at the Holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in reasonable detail the facts upon which such adjustment or readjustment is based, including a statement of, if applicable, the type and amount, if any, of other property which at the time would be received upon exercise of this Series A Warrant.

5.6 No Impairment. The Company shall not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the holders of this Series A Warrant against impairment. In the event the Holder shall elect to exercise this Series A Warrant in whole or in part as provided herein, the Company cannot refuse exercise based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, unless (i) an order from the Securities and Exchange Commission prohibiting such exercise or (ii) an injunction from a court, on notice, restraining and/or enjoining exercise of any or all of this Series A Warrant shall have been issued and the Company posts a surety bond for the benefit of the Holder in an amount equal to 120% of the Exercise Price of that number of shares the Holder has elected to exercise, which bond shall remain in effect until

the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to the Holder in the event it obtains judgment.

6. **FRACTIONAL SHARES.** No fractional shares shall be issued upon the exercise of this Series A Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) issuable upon exercise of this Series A Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. No payments shall be made by the Company in respect of any fractional shares otherwise issuable pursuant to this Series A Warrant.

7. **NO STOCKHOLDER RIGHTS.** This Series A Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

8. **TRANSFER OF SERIES A WARRANT.** Subject to applicable laws, the restriction on transfer set forth on the first page of this Series A Warrant and in Section 4.4 and the terms of any applicable stockholders, investor rights, or similar agreement, this Series A Warrant and all rights hereunder are transferable, by the Holder in person or by duly authorized attorney, upon delivery of this Series A Warrant and the form of assignment attached hereto to any transferee designated by Holder, provided that the transferee shall have signed an investment letter in form and substance satisfactory to the Company and agreed to be bound by the provisions of this Series A Warrant. Notwithstanding anything to the contrary, no partial transfer of this Series A Warrant shall be permitted.

9. **LOST, STOLEN, MUTILATED, OR DESTROYED SERIES A WARRANT.** If this Series A Warrant is lost, stolen, mutilated, or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Series A Warrant, include the surrender thereof), issue a new Series A Warrant of like denomination and tenor as the Series A Warrant so lost, stolen, mutilated or destroyed. Any such new Series A Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Series A Warrant shall be at any time enforceable by anyone.

10. **NOTICES, ETC.** All notices and other communications required or permitted hereunder shall be in writing and shall be sent by express mail or other form of rapid communications, if possible, and if not then such notice or communication shall be mailed by first-class mail, postage prepaid, addressed in each case to the party entitled thereto at the following addresses: (a) if to the Company, to Mesa Energy, Inc., Attention: Chief Executive Officer, 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254, and (b) if to the Holder, to such address as originally furnished to the Company by the Holder, or at such other address as one party may furnish to the other in writing. Notice shall be deemed effective on the date dispatched if by personal delivery, two days after mailing if by express mail, or three days after mailing if by first-class mail.

11. **AMENDMENT.** This Series A Warrant may be amended or otherwise modified only by a writing signed by the Company and the Holder.

12. **ACCEPTANCE.** Receipt of this Series A Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. **GOVERNING LAW.** This Series A Warrant and all rights, obligations and liabilities hereunder shall be governed by the internal laws of the State of Nevada.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF, the Company has caused this Series A Warrant to be executed by its duly authorized officer as of the date first written above.

MESA ENERGY, INC., a Nevada corporation

By: _____

Name: _____

Title: _____

ATTEST:

NOTICE OF EXERCISE

TO: MESA ENERGY, INC.

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of Mesa Energy, Inc. (the "Company"), pursuant to the terms of the attached Series A Warrant, and tenders herewith payment of the exercise price in full pursuant to the terms of Section 2.1 of the attached Series A Warrant, together with all applicable transfer taxes, if any.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned represents that (i) the aforesaid shares of Common Stock are being acquired for the account of the undersigned for, and will be held for, the account of the undersigned only; (ii) the undersigned is aware of the Company's business affairs and financial condition, and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests.

(Date)

(Signature)

(Print name)

ASSIGNMENT FORM

(To assign the foregoing Series A Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Series A Warrant and all rights evidenced thereby are hereby assigned to

Name: _____

Address: _____
(Please Print)

Dated: _____, _____

Holder's
Signature: _____

Holder's
Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Series A Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Series A Warrant.

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER ANY APPLICABLE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND QUALIFICATION UNDER SUCH STATE SECURITIES LAWS OR AN OPINION OF COUNSEL OR OTHER EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND/OR QUALIFICATION IS NOT REQUIRED.

MESA ENERGY, INC.

SERIES B WARRANT TO PURCHASE SHARES OF COMMON STOCK

No. B-_____

August ___, 2008

THIS CERTIFIES THAT, for value received, _____, a _____ (the "Investor"), or Investor's assigns (Investor and Investor's assigns being the "Holder"), is entitled to subscribe for and purchase at any time during the Exercise Period from Mesa Energy, Inc., a Nevada corporation, with its principal office located at 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254 (the "Company"); a number of shares of Common Stock equal to the Share Number at a per share price equal to the Exercise Price in effect at such time. This Series B Warrant is issued in conjunction with the shares of the Company's Common Stock issued pursuant to the Subscription Agreement dated as of August __, 2008, by and between the Company and the Investor.

1. **DEFINITIONS.** As used herein, the following terms shall have the following respective meanings:

- (a) "Aggregate Series B Warrant Price" shall mean the dollar value obtained by multiplying \$1.50 by _____.
- (b) "Common Stock" shall mean the common stock of the Company.
- (c) "Exercise Period" shall mean the period commencing on the original date of issuance of this Series B Warrant and ending at the end of business nine months thereafter.
- (d) "Exercise Price" shall mean \$1.50 per share of Common Stock.
- (e) "Exercise Shares" shall mean any Common Stock acquired upon exercise of this Series B Warrant.
- (f) "Share Number", at any time, shall mean (i) the Aggregate Series B Warrant Price minus the aggregate exercise price previously paid upon exercise of this Series B Warrant, divided by (ii) the Exercise Price then in effect.

2. **EXERCISE OF SERIES B WARRANT.**

2.1 **General; Exercise of Series B Warrant.**

(a) The rights represented by this Series B Warrant may be exercised as a whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

- (i) An executed Notice of Exercise in the form attached hereto;
- (ii) Payment of the Exercise Price either in cash or by check; and
- (iii) This Series B Warrant.

(b) Upon the exercise of the rights represented by this Series B Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates (and such designation is in compliance with applicable securities laws and any stockholders, investor rights or similar agreement), shall be issued and delivered to the Holder as promptly as practicable after the rights represented by this Series B Warrant shall have been so exercised.

(c) The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Series B Warrant shall be deemed to have become the holder of record of such shares on the date on which this Series B Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3. COVENANTS OF THE COMPANY.

3.1 Covenants as to Exercise Shares. The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Series B Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens, and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will, at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Series B Warrant. If at any time during the Exercise Period, the number of authorized but unissued shares of Common Stock shall not be sufficient to permit exercise of this Series B Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

3.2 No Impairment. Except and to the extent as waived or consented to by the Holder, the Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Series B Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder against impairment.

3.3 Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend which is the same as cash dividends paid in previous quarters) or other distribution, the Company shall mail to the Holder, at least ten (10) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

4. REPRESENTATIONS OF HOLDER.

4.1 Acquisition of Series B Warrant for Personal Account. The Holder represents and warrants that it is not acquiring the Series B Warrant and any shares of capital stock issued or issuable upon exercise of the Series B Warrant with a view to or for resale in connection with any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended. The Holder also represents that the entire legal and beneficial interests of the Series B Warrant and Exercise Shares the Holder is acquiring is being acquired for, and will be held for, the account of the Holder only.

4.2 No Current Public Market. The Holder represents and warrants that it understands that there is no current public market for the Warrants and any shares of capital stock issued or issuable upon exercise of the Series B Warrant, that no orderly public market therefor may be created or maintained, that such securities may be illiquid, and that the Holder may not be able to dispose of any or all of such securities at any time or at any price and may lose the entire value of his investment.

4.3 Due Diligence. The Holder is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company, at or about the date of this Series B Warrant, that is deemed to relate to the Company, to reach an informed and knowledgeable decision regarding its investment in the

Company. The Holder is experienced in making investments of this type and has such knowledge and background in financial and business matters that the Holder is capable of evaluating the merits and risks of this investment and protecting its own interests. The Holder has had an opportunity to ask questions of, and receive answers from, the Company and its officers and employees regarding the business, financial affairs and other aspects of the Company, and has further had the opportunity to obtain information (to the extent the Company possesses or can acquire such information without unreasonable effort or expense) which the Holder deems necessary to evaluate an investment in the Company and to verify the accuracy of information otherwise provided to the Holder.

5. ADJUSTMENTS AND NOTICES. The Exercise Price and the number of Exercise Shares issuable upon exercise of this Series B Warrant shall be subject to adjustment from time to time in accordance with this Section 5.

5.1 Subdivision, Stock Dividends or Combinations. In case the Company shall at any time after the commencement of the Exercise Period subdivide the outstanding Common Stock or shall issue a stock dividend with respect to the Common Stock, the Exercise Price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Company shall at any time after the commencement of the Exercise Period combine the outstanding shares of Common Stock, the Exercise Price in effect immediately prior to such combination shall be proportionately increased, in each case effective at the close of business on the date of such subdivision, dividend or combination, as the case may be.

5.2 Reclassification, Exchange, Substitution, In-Kind Distribution. Upon any reclassification, exchange, substitution, or other event after the commencement of the Exercise Period that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Series B Warrant or upon the payment after the commencement of the Exercise Period of a dividend in securities or property other than shares of Common Stock, the Holder shall be entitled to receive, upon exercise or conversion of this Series B Warrant, the number and kind of securities and property that Holder would have received if this Series B Warrant had been exercised or converted immediately before the record date for such reclassification, exchange, substitution, or other event or immediately prior to the record date for such dividend. The Company or its successor shall promptly issue to Holder a new Series B Warrant for such new securities or other property. The new Series B Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5 including, without limitation, adjustments to the Series B Warrant Price and to the number of securities or property issuable upon exercise or conversion of the new Series B Warrant. The provisions of this Section 5.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events and successive dividends.

5.3 Consolidation, Merger, Sale, and the Like. In case of any (i) merger or consolidation of the Company into or with another corporation where the Company is not the surviving corporation (but including a merger for the purpose of reincorporating in a new domicile) (ii) sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the Company or (iii) sale by the Company's stockholders of 50% or more of the Company's outstanding securities in one or more related transactions, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to the Holder hereof a new Series B Warrant so that the Holder shall have the right to receive upon exercise or conversion of the unexercised or unconverted portion of this Series B Warrant, at a total purchase price not to exceed that payable upon the exercise or conversion of the unexercised or unconverted portion of this Series B Warrant, and in lieu of shares of Common Stock theretofore issuable upon exercise or conversion of this Series B Warrant, the kind and amount of shares of stock, or other securities, money and other property in lieu of such shares of stock, receivable upon or as a result of such reorganization, merger or sale by a holder of the number of shares of Common Stock for which this Series B Warrant is exercisable or convertible immediately prior to such event. Such new Series B Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5. The provisions of this Section 5.3 shall similarly apply to successive reorganizations, mergers, and sales.

5.4 Adjustment for Issuance of Additional Shares of Common Stock, Convertible Securities, or Common Stock Equivalents. The Exercise Price shall be subject to adjustment from time to time as set forth in this Section 5.4.

(a) Issuance of Additional Shares of Common Stock. In the event the Company shall at any time following the original date of issuance of this Series B Warrant issue any Additional Shares of Common Stock (defined hereinbelow) (otherwise than as provided in the foregoing Sections 5.1, 5.2, and 5.3, above), at a price per

share less than the Exercise Price then in effect or without consideration, then the Exercise Price upon each such issuance shall be adjusted to that price determined by multiplying the Exercise Price then in effect by a fraction:

(i) the numerator of which shall be equal to the sum of (x) the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus (y) the number of shares of Common Stock (rounded to the nearest whole share) that the aggregate consideration for the total number of such Additional Shares of Common Stock so issued would purchase at a price per share equal to the Exercise Price then in effect, and

(ii) the denominator of which shall be equal to the number of shares of Common Stock outstanding immediately after the issuance of such Additional Shares of Common Stock.

No adjustment of the number of shares of Common Stock for which this Series B Warrant shall be exercisable shall be made under paragraphs (i) and (ii) of this Section 5.4(a) upon the issuance of any Additional Shares of Common Stock that are issued pursuant to the exercise of any Common Stock Equivalents, if any such adjustment shall previously have been made upon the issuance of such Common Stock Equivalents (or upon the issuance of any warrant or other rights therefor) pursuant to Section 5. "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company after the Issuance Date.

(b) Issuance of Convertible Securities or Common Stock Equivalents. In the event the Company shall at any time following the original date of issuance of this Series B Warrant take a record of the holders of its Common Stock for the purpose of entitling them to receive a distribution of, or shall in any manner (whether directly or by assumption in a merger in which the Company is the surviving corporation) issue or sell any securities convertible into or exchange for, directly or indirectly, Common Stock (the "Convertible Securities"), or any rights or warrants or options to purchase any such Common Stock or Convertible Securities (collectively, the "Common Stock Equivalents"), whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange shall be less than the Exercise Price in effect immediately prior to the time of such issue or sale, or if, after any issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the Exercise Price in effect at the time of such amendment or adjustment, then the Exercise Price then in effect shall be adjusted to the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange and the Share Number shall be proportionately increased, such that the Aggregate Series B Warrant Price shall not be changed by any such adjustment(s) to the Exercise Price. No further adjustments of the number of shares of Common Stock for which this Series B Warrant is exercisable and the Exercise Price then in effect shall be made upon the actual issue of such Common Stock upon exercise, conversion, or exchange of any Convertible Security or Common Stock Equivalents.

5.5 Certificate of Adjustment. In each case of an adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to the Holder at the Holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in reasonable detail the facts upon which such adjustment or readjustment is based, including a statement of, if applicable, the type and amount, if any, of other property which at the time would be received upon exercise of this Series B Warrant.

5.6 No Impairment. The Company shall not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the holders of this Series B Warrant against impairment. In the event the Holder shall elect to exercise this Series B Warrant in whole or in part as provided herein, the Company cannot refuse exercise based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, unless (i) an order from the Securities and Exchange Commission prohibiting such exercise or (ii) an injunction from a court, on notice, restraining and/or enjoining exercise of any or all of this Series B Warrant shall have been issued and the Company posts a surety bond for the benefit of the Holder in an amount equal to 120% of the Exercise Price of that number of shares the Holder has elected to exercise, which bond shall remain in effect until

the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to the Holder in the event it obtains judgment.

6. **FRACTIONAL SHARES.** No fractional shares shall be issued upon the exercise of this Series B Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) issuable upon exercise of this Series B Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. No payments shall be made by the Company in respect of any fractional shares otherwise issuable pursuant to this Series B Warrant.

7. **NO STOCKHOLDER RIGHTS.** This Series B Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

8. **TRANSFER OF SERIES B WARRANT.** Subject to applicable laws, the restriction on transfer set forth on the first page of this Series B Warrant and in Section 4.4 and the terms of any applicable stockholders, investor rights, or similar agreement, this Series B Warrant and all rights hereunder are transferable, by the Holder in person or by duly authorized attorney, upon delivery of this Series B Warrant and the form of assignment attached hereto to any transferee designated by Holder, provided that the transferee shall have signed an investment letter in form and substance satisfactory to the Company and agreed to be bound by the provisions of this Series B Warrant. Notwithstanding anything to the contrary, no partial transfer of this Series B Warrant shall be permitted.

9. **LOST, STOLEN, MUTILATED, OR DESTROYED SERIES B WARRANT.** If this Series B Warrant is lost, stolen, mutilated, or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Series B Warrant, include the surrender thereof), issue a new Series B Warrant of like denomination and tenor as the Series B Warrant so lost, stolen, mutilated or destroyed. Any such new Series B Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Series B Warrant shall be at any time enforceable by anyone.

10. **NOTICES, ETC.** All notices and other communications required or permitted hereunder shall be in writing and shall be sent by express mail or other form of rapid communications, if possible, and if not then such notice or communication shall be mailed by first-class mail, postage prepaid, addressed in each case to the party entitled thereto at the following addresses: (a) if to the Company, to Mesa Energy, Inc., Attention: Chief Executive Officer, 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254, and (b) if to the Holder, to such address as originally furnished to the Company by the Holder, or at such other address as one party may furnish to the other in writing. Notice shall be deemed effective on the date dispatched if by personal delivery, two days after mailing if by express mail, or three days after mailing if by first-class mail.

11. **AMENDMENT.** This Series B Warrant may be amended or otherwise modified only by a writing signed by the Company and the Holder.

12. **ACCEPTANCE.** Receipt of this Series B Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. **GOVERNING LAW.** This Series B Warrant and all rights, obligations and liabilities hereunder shall be governed by the internal laws of the State of Nevada.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF, the Company has caused this Series B Warrant to be executed by its duly authorized officer as of the date first written above.

MESA ENERGY, INC., a Nevada corporation

By: _____

Name: _____

Title: _____

ATTEST:

NOTICE OF EXERCISE

TO: MESA ENERGY, INC.

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of Mesa Energy, Inc. (the "Company"), pursuant to the terms of the attached Series B Warrant, and tenders herewith payment of the exercise price in full pursuant to the terms of Section 2.1 of the attached Series B Warrant, together with all applicable transfer taxes, if any.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned represents that (i) the aforesaid shares of Common Stock are being acquired for the account of the undersigned for, and will be held for, the account of the undersigned only; (ii) the undersigned is aware of the Company's business affairs and financial condition, and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests.

(Date)

(Signature)

(Print name)

ASSIGNMENT FORM

(To assign the foregoing Series B Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Series B Warrant and all rights evidenced thereby are hereby assigned to

Name: _____

Address: _____
(Please Print)

Dated: _____

Holder's
Signature: _____

Holder's
Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Series B Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Series B Warrant.

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER ANY APPLICABLE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND QUALIFICATION UNDER SUCH STATE SECURITIES LAWS OR AN OPINION OF COUNSEL OR OTHER EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND/OR QUALIFICATION IS NOT REQUIRED.

MESA ENERGY, INC.

SERIES C WARRANT TO PURCHASE SHARES OF COMMON STOCK

No. C-_____

August __, 2008

THIS CERTIFIES THAT, for value received, _____, a _____ (the "Investor"), or Investor's assigns (Investor and Investor's assigns being the "Holder"), is entitled to subscribe for and purchase at any time during the Exercise Period from Mesa Energy, Inc., a Nevada corporation, with its principal office located at 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254 (the "Company"), a number of shares of Common Stock equal to the Share Number at a per share price equal to the Exercise Price in effect at such time. This Series C WarrantSeries C Warrant is issued in conjunction with the shares of the Company's Common Stock issued pursuant to the Subscription Agreement dated as of August __, 2008, by and between the Company and the Investor.

1. DEFINITIONS. As used herein, the following terms shall have the following respective meanings:

(a) "Aggregate Series C WarrantSeries C Warrant Price" shall mean the dollar value obtained by multiplying \$3.10 by _____.

(b) "Common Stock" shall mean the common stock of the Company.

(c) "Exercise Period" shall mean the period commencing on the original date of issuance of this Series C Warrant and ending at the end of business one year thereafter.

(d) "Exercise Price" shall mean \$3.10 per share of Common Stock.

(e) "Exercise Shares" shall mean any Common Stock acquired upon exercise of this Series C Warrant.

(f) "Share Number", at any time, shall mean (i) the Aggregate Series C Warrant Price minus the aggregate exercise price previously paid upon exercise of this Series C Warrant, divided by (ii) the Exercise Price then in effect.

2. EXERCISE OF SERIES C WARRANT.

2.1 General; Exercise of Series C Warrant.

(a) The rights represented by this Series C Warrant may be exercised as a whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

(i) An executed Notice of Exercise in the form attached hereto;

(ii) Payment of the Exercise Price either in cash or by check; and

(iii) This Series C Warrant.

(b) Upon the exercise of the rights represented by this Series C Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates (and such designation is in compliance with applicable securities laws and any stockholders, investor rights or similar agreement), shall be issued and delivered to the Holder as promptly as practicable after the rights represented by this Series C Warrant shall have been so exercised.

(c) The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Series C Warrant shall be deemed to have become the holder of record of such shares on the date on which this Series C Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3. COVENANTS OF THE COMPANY.

3.1 Covenants as to Exercise Shares. The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Series C Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens, and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will, at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Series C Warrant. If at any time during the Exercise Period, the number of authorized but unissued shares of Common Stock shall not be sufficient to permit exercise of this Series C Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

3.2 No Impairment. Except and to the extent as waived or consented to by the Holder, the Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Series C Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder against impairment.

3.3 Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend which is the same as cash dividends paid in previous quarters) or other distribution, the Company shall mail to the Holder, at least ten (10) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

4. REPRESENTATIONS OF HOLDER.

4.1 Acquisition of Series C Warrant for Personal Account. The Holder represents and warrants that it is not acquiring the Series C Warrant and any shares of capital stock issued or issuable upon exercise of the Series C Warrant with a view to or for resale in connection with any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended. The Holder also represents that the entire legal and beneficial interests of the Series C Warrant and Exercise Shares the Holder is acquiring is being acquired for, and will be held for, the account of the Holder only.

4.2 No Current Public Market. The Holder represents and warrants that it understands that there is no current public market for the Warrants and any shares of capital stock issued or issuable upon exercise of the Series C Warrant, that no orderly public market therefor may be created or maintained, that such securities may be illiquid, and that the Holder may not be able to dispose of any or all of such securities at any time or at any price and may lose the entire value of his investment.

4.3 Due Diligence. The Holder is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company, at or about the date of this Series C Warrant, that is deemed to relate to the Company, to reach an informed and knowledgeable decision regarding its investment in the

Company. The Holder is experienced in making investments of this type and has such knowledge and background in financial and business matters that the Holder is capable of evaluating the merits and risks of this investment and protecting its own interests. The Holder has had an opportunity to ask questions of, and receive answers from, the Company and its officers and employees regarding the business, financial affairs and other aspects of the Company, and has further had the opportunity to obtain information (to the extent the Company possesses or can acquire such information without unreasonable effort or expense) which the Holder deems necessary to evaluate an investment in the Company and to verify the accuracy of information otherwise provided to the Holder.

5. ADJUSTMENTS AND NOTICES. The Exercise Price and the number of Exercise Shares issuable upon exercise of this Series C Warrant shall be subject to adjustment from time to time in accordance with this Section 5.

5.1 Subdivision, Stock Dividends or Combinations. In case the Company shall at any time after the commencement of the Exercise Period subdivide the outstanding Common Stock or shall issue a stock dividend with respect to the Common Stock, the Exercise Price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Company shall at any time after the commencement of the Exercise Period combine the outstanding shares of Common Stock, the Exercise Price in effect immediately prior to such combination shall be proportionately increased, in each case effective at the close of business on the date of such subdivision, dividend or combination, as the case may be.

5.2 Reclassification, Exchange, Substitution, In-Kind Distribution. Upon any reclassification, exchange, substitution, or other event after the commencement of the Exercise Period that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Series C Warrant or upon the payment after the commencement of the Exercise Period of a dividend in securities or property other than shares of Common Stock, the Holder shall be entitled to receive, upon exercise or conversion of this Series C Warrant, the number and kind of securities and property that Holder would have received if this Series C Warrant had been exercised or converted immediately before the record date for such reclassification, exchange, substitution, or other event or immediately prior to the record date for such dividend. The Company or its successor shall promptly issue to Holder a new Series C Warrant for such new securities or other property. The new Series C Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5 including, without limitation, adjustments to the Series C Warrant Price and to the number of securities or property issuable upon exercise or conversion of the new Series C Warrant. The provisions of this Section 5.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events and successive dividends.

5.3 Consolidation, Merger, Sale, and the Like. In case of any (i) merger or consolidation of the Company into or with another corporation where the Company is not the surviving corporation (but including a merger for the purpose of reincorporating in a new domicile) (ii) sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the Company or (iii) sale by the Company's stockholders of 50% or more of the Company's outstanding securities in one or more related transactions, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to the Holder hereof a new Series C Warrant so that the Holder shall have the right to receive upon exercise or conversion of the unexercised or unconverted portion of this Series C Warrant, at a total purchase price not to exceed that payable upon the exercise or conversion of the unexercised or unconverted portion of this Series C Warrant, and in lieu of shares of Common Stock theretofore issuable upon exercise or conversion of this Series C Warrant, the kind and amount of shares of stock, or other securities, money and other property in lieu of such shares of stock, receivable upon or as a result of such reorganization, merger or sale by a holder of the number of shares of Common Stock for which this Series C Warrant is exercisable or convertible immediately prior to such event. Such new Series C Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5. The provisions of this Section 5.3 shall similarly apply to successive reorganizations, mergers, and sales.

5.4 Adjustment for Issuance of Additional Shares of Common Stock, Convertible Securities, or Common Stock Equivalents. The Exercise Price shall be subject to adjustment from time to time as set forth in this Section 5.4.

(a) Issuance of Additional Shares of Common Stock. In the event the Company shall at any time following the original date of issuance of this Series C Warrant issue any Additional Shares of Common Stock (defined hereinbelow) (otherwise than as provided in the foregoing Sections 5.1, 5.2, and 5.3, above), at a price per

share less than the Exercise Price then in effect or without consideration, then the Exercise Price upon each such issuance shall be adjusted to that price determined by multiplying the Exercise Price then in effect by a fraction:

(i) the numerator of which shall be equal to the sum of (x) the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus (y) the number of shares of Common Stock (rounded to the nearest whole share) that the aggregate consideration for the total number of such Additional Shares of Common Stock so issued would purchase at a price per share equal to the Exercise Price then in effect, and

(ii) the denominator of which shall be equal to the number of shares of Common Stock outstanding immediately after the issuance of such Additional Shares of Common Stock.

No adjustment of the number of shares of Common Stock for which this Series C Warrant shall be exercisable shall be made under paragraphs (i) and (ii) of this Section 5.4(a) upon the issuance of any Additional Shares of Common Stock that are issued pursuant to the exercise of any Common Stock Equivalents, if any such adjustment shall previously have been made upon the issuance of such Common Stock Equivalents (or upon the issuance of any warrant or other rights therefor) pursuant to Section 5. "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company after the Issuance Date.

(b) Issuance of Convertible Securities or Common Stock Equivalents. In the event the Company shall at any time following the original date of issuance of this Series C Warrant take a record of the holders of its Common Stock for the purpose of entitling them to receive a distribution of, or shall in any manner (whether directly or by assumption in a merger in which the Company is the surviving corporation) issue or sell any securities convertible into or exchange for, directly or indirectly, Common Stock (the "Convertible Securities"), or any rights or warrants or options to purchase any such Common Stock or Convertible Securities (collectively, the "Common Stock Equivalents"), whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange shall be less than the Exercise Price in effect immediately prior to the time of such issue or sale, or if, after any issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the Exercise Price in effect at the time of such amendment or adjustment, then the Exercise Price then in effect shall be adjusted to the price per share for which Additional Shares of Common Stock are issuable upon such conversion or exchange and the Share Number shall be proportionately increased, such that the Aggregate Series C Warrant Price shall not be changed by any such adjustment(s) to the Exercise Price. No further adjustments of the number of shares of Common Stock for which this Series C Warrant is exercisable and the Exercise Price then in effect shall be made upon the actual issue of such Common Stock upon exercise, conversion, or exchange of any Convertible Security or Common Stock Equivalents.

5.5 Certificate of Adjustment. In each case of an adjustment or readjustment of the Exercise Price pursuant to this Section 5, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to the Holder at the Holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in reasonable detail the facts upon which such adjustment or readjustment is based, including a statement of, if applicable, the type and amount, if any, of other property which at the time would be received upon exercise of this Series C Warrant.

5.6 No Impairment. The Company shall not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the holders of this Series C Warrant against impairment. In the event the Holder shall elect to exercise this Series C Warrant in whole or in part as provided herein, the Company cannot refuse exercise based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, unless (i) an order from the Securities and Exchange Commission prohibiting such exercise or (ii) an injunction from a court, on notice, restraining and/or enjoining exercise of any or all of this Series C Warrant shall have been issued and the Company posts a surety bond for the benefit of the Holder in an amount equal to 120% of the Exercise Price of that number of shares the Holder has elected to exercise, which bond shall remain in effect until

the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to the Holder in the event it obtains judgment.

6. FRACTIONAL SHARES. No fractional shares shall be issued upon the exercise of this Series C Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) issuable upon exercise of this Series C Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. No payments shall be made by the Company in respect of any fractional shares otherwise issuable pursuant to this Series C Warrant.

7. NO STOCKHOLDER RIGHTS. This Series C Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

8. TRANSFER OF SERIES C WARRANT. Subject to applicable laws, the restriction on transfer set forth on the first page of this Series C Warrant and in Section 4.4 and the terms of any applicable stockholders, investor rights, or similar agreement, this Series C Warrant and all rights hereunder are transferable, by the Holder in person or by duly authorized attorney, upon delivery of this Series C Warrant and the form of assignment attached hereto to any transferee designated by Holder, provided that the transferee shall have signed an investment letter in form and substance satisfactory to the Company and agreed to be bound by the provisions of this Series C Warrant. Notwithstanding anything to the contrary, no partial transfer of this Series C Warrant shall be permitted.

9. LOST, STOLEN, MUTILATED, OR DESTROYED SERIES C WARRANT. If this Series C Warrant is lost, stolen, mutilated, or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Series C Warrant, include the surrender thereof), issue a new Series C Warrant of like denomination and tenor as the Series C Warrant so lost, stolen, mutilated or destroyed. Any such new Series C Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Series C Warrant shall be at any time enforceable by anyone.

10. NOTICES, ETC. All notices and other communications required or permitted hereunder shall be in writing and shall be sent by express mail or other form of rapid communications, if possible, and if not then such notice or communication shall be mailed by first-class mail, postage prepaid, addressed in each case to the party entitled thereto at the following addresses: (a) if to the Company, to Mesa Energy, Inc., Attention: Chief Executive Officer, 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254, and (b) if to the Holder, to such address as originally furnished to the Company by the Holder, or at such other address as one party may furnish to the other in writing. Notice shall be deemed effective on the date dispatched if by personal delivery, two days after mailing if by express mail, or three days after mailing if by first-class mail.

11. AMENDMENT. This Series C Warrant may be amended or otherwise modified only by a writing signed by the Company and the Holder.

12. ACCEPTANCE. Receipt of this Series C Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. GOVERNING LAW. This Series C Warrant and all rights, obligations and liabilities hereunder shall be governed by the internal laws of the State of Nevada.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF, the Company has caused this Series C Warrant to be executed by its duly authorized officer as of the date first written above.

MESA ENERGY, INC., a Nevada corporation

By: _____

Name: _____

Title: _____

ATTEST:

NOTICE OF EXERCISE

TO: MESA ENERGY, INC.

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of Mesa Energy, Inc. (the "Company"), pursuant to the terms of the attached Series C Warrant, and tenders herewith payment of the exercise price in full pursuant to the terms of Section 2.1 of the attached Series C Warrant, together with all applicable transfer taxes, if any.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned represents that (i) the aforesaid shares of Common Stock are being acquired for the account of the undersigned for, and will be held for, the account of the undersigned only; (ii) the undersigned is aware of the Company's business affairs and financial condition, and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests.

(Date)

(Signature)

(Print name)

ASSIGNMENT FORM

(To assign the foregoing Series C Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Series C Warrant and all rights evidenced thereby are hereby assigned to

Name: _____

Address: _____
(Please Print)

Dated: _____, _____

Holder's
Signature: _____

Holder's
Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Series C Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Series C Warrant.

MESA ENERGY, INC.
SUBSCRIPTION AGREEMENT

Mesa Energy, Inc.
5220 Spring Valley Road, Suite 525
Dallas, Texas 75254
Attn: Randy Griffin, CEO

Dear Mr. Griffin:

The undersigned, _____, a/an _____, hereby subscribes to purchase that number of units (the "Units") of Mesa Energy, Inc., a Nevada corporation (the "Company"), as is set forth on the signature page hereof. Each Unit consists of two shares (the "Shares") of the Company's common stock, \$0.001 par value per share, four "A" Warrants, each exercisable at \$1.00 with a term of three months, three "B" Warrants, each exercisable at \$1.50 with a term of nine months, and three "C" Warrants, each exercisable at \$3.10 with a term of one year. The "A" Warrants, "B" Warrants, and "C" Warrants are collectively referred to herein as the "Warrants." This subscription may be rejected in whole or in part by the Company, in its sole and absolute discretion for any cause or for no cause. Any questions regarding this document or the investment described herein should be directed to Randy Griffin, Chief Executive Officer, Mesa Energy, Inc., 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254; telephone: 972-490-9595; e-mail: randy@mesaenergy.us.

1. Purchase. Subject to the terms and conditions hereof, the undersigned hereby irrevocably agrees to purchase the Units, consisting of the Share and the Warrants, for an aggregate subscription price of \$_____, and tenders such purchase price by means of a check (cashiers, certified, or personal), money order, or wire transfer made payable to: "Bryan Cave LLP Attorney Client Trust Account" The wire transfer instructions are:

California Bank & Trust
Routing: #121002042
Swift#: CALBUS 66
Trust Account: #33-400021-41
f/b/o Mesa Energy, Inc.

California Bank & Trust
3420 Bristol Street
Costa Mesa, California 92626
714-754-2400

2. Representations and Warranties of the Undersigned. The undersigned hereby makes the following representations and warranties to the Company, and the undersigned agrees to indemnify, hold harmless, and pay all causes of action, lawsuits, debts, controversies, damages, claims, demands and judgments (including litigation expenses and reasonable attorneys' fees), incurred by the Company, and its past and present officers, directors, employees, agents, successors and assigns, whether or not under federal or state securities laws, arising out of or in connection with the undersigned's misrepresentation or breach of any of the representations and warranties set forth herein, including, without limitation,

- (a) The undersigned is the sole and true party in interest and is not purchasing the Units for the benefit of any other person and has not granted any other person any right or option or any participation or beneficial interest in any of the Units;
- (b) The undersigned confirms receipt and careful review of all written material provided by, or on behalf of, the Company in respect of its business and prospects, and all information provided by the Company to the undersigned in respect of its business and prospects, including all attachments and exhibits thereto. The undersigned understands that all books, records, and documents of the Company relating to this investment have been and remain available for inspection by the undersigned upon reasonable notice. The undersigned confirms that all documents requested by the undersigned have been made available, and that the undersigned has been supplied with all of the additional information concerning this investment that has been requested. The undersigned confirms that it has obtained sufficient information, in its judgment or that of its independent purchaser representative, if any, to evaluate the merits and risks of this investment. The undersigned confirms that it has had the opportunity to obtain such independent legal and tax advice and financial planning services as the undersigned has deemed appropriate prior to making a decision to subscribe for the Units. In making a decision to purchase the Units, the undersigned has relied exclusively upon its experience and judgment, or that of its purchaser representative, if any, upon such independent investigations as it, or they, deemed appropriate, and upon information provided by the Company in writing;
- (c) The undersigned acknowledges and represents that no representations or warranties have been made to the undersigned by the Company or its directors, officers, or any agents or representatives with respect to the business of the Company, the financial condition of the Company, and/or the economic, tax, or any other aspect or consequence of the purchase of the Units and the undersigned has not relied upon any information concerning the Company, written or oral, other than supplied to the undersigned by the Company;
- (d) The undersigned has such knowledge and experience in financial and business matters that the undersigned is capable of an evaluation of the merits and risks of the undersigned's investment in the Units;
- (e) **THE UNDERSIGNED IS AWARE THAT AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND SUBJECT TO SUBSTANTIAL RISKS.** The undersigned is capable of bearing the high degree of economic risk and burdens of this venture, including, but not limited to, the possibility of a complete loss, the lack of a sustained and orderly public market, and limited transferability of the Units, which may make the liquidation of this investment impossible for the indefinite future. The undersigned has the financial ability to bear the economic risks of its investment, has adequate means of providing for its current needs and personal contingencies, and has no need for liquidity in this investment. The undersigned's commitment to investments that are not readily marketable is

not disproportionate to its net worth, and this investment will not cause such overall commitment to become excessive;

- (f) The offer to sell the Units was directly communicated to the undersigned by such a manner that the undersigned, or his purchaser representative, if any, was able to ask questions of and receive answers from the Company or a person acting on its behalf concerning the terms and conditions of this transaction;
- (g) The Units are being acquired solely for the undersigned's own account for investment, and are not being purchased with a view towards resale, distribution, subdivision, or fractionalization thereof;
- (h) The undersigned understands that the Units have been qualified under the exemption provided by Regulation A under the Securities Act of 1933, as amended (the "Securities Act"), and any relevant state securities laws. The undersigned understands that the Units or any interest therein may not be, and agrees that the Units or any interest therein will not be, resold or otherwise disposed of by the undersigned except in accordance with the relevant provisions of the Securities Act and appropriate state securities laws;
- (i) The undersigned has been informed of and understands that no federal or state agency has made any finding or determination as to the fairness for investment nor any recommendation nor endorsement, of the Units;
- (j) None of the following information has ever been represented, guaranteed, or warranted to the undersigned, expressly or by implication by any broker, the Company, or agent or employee of the foregoing, or by any other person:
 - (1) The approximate or exact length of time that the undersigned will be required to remain a holder of the Units;
 - (2) The amount of consideration, profit, or loss to be realized, if any, as a result of an investment in the Company;
 - (3) That the past performance or experience of the Company; its officers, directors, associates, agents, affiliates, or employees; or any other person will in any way indicate or predict economic results in connection with the plan of operations of the Company or the return on the investment;
- (k) The undersigned has not distributed any information relating to this investment to anyone other than its members representative, and legal, tax, and financial advisors, if any;
- (l) The undersigned hereby agrees to indemnify the Company and to hold it harmless from and against any and all liability, damage, cost, or expense, including its attorneys' fees and costs, incurred on account of or arising out of:

- (1) Any material inaccuracy in the declarations, representations, and warranties hereinabove set forth;
- (2) The disposition of the Units or any part thereof by the undersigned, contrary to the foregoing declarations, representations, and warranties;
- (3) Any action, suit, or proceeding based upon:
 - (i) the claim that said declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or
 - (ii) the disposition of the Units or any part thereof.

The foregoing representations, warranties, agreements, undertakings, and acknowledgements are made by the undersigned with the intent that they be relied upon in determining the undersigned's suitability as a purchaser of the Units. In addition, the undersigned agrees to notify the Company immediately of any change in any representation, warranty, or other information that occurs prior to the issue date of the Units.

3. Transferability. Prior to the issue date of the Units, the undersigned agrees not to transfer or assign the obligations or duties contained in this Subscription Agreement or any of the undersigned's interest in this Subscription Agreement except to a subsidiary or affiliate of the undersigned.

4. Acknowledgements, Understandings, and Agreements of the Undersigned. The undersigned acknowledges, understands, and agrees that:

- (a) The Company reserves the right to reject all, or any part of this subscription in its sole and absolute discretion for any cause or for no cause;
- (b) The undersigned will be promptly notified by the Company whether this subscription has been accepted, and if not accepted in whole or in part, the Company will promptly pay and the undersigned agrees to accept the return of funds representing that portion of the subscription not so accepted, without interest thereon or deduction therefrom; and
- (c) The Units shall be deemed issued and owned by the undersigned upon the Company's receipt of the purchase price therefor and its acceptance thereof.

5. Acceptance. Execution and delivery of this Subscription Agreement shall constitute an irrevocable offer to purchase the Units indicated, which offer may be accepted or rejected in whole or in part by the Company in its sole and absolute discretion for any cause or for no cause. Acceptance of this offer by the Company shall be indicated by its execution hereof.

6. Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other

communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: (i) if to the Company, to: Mesa Energy, Inc., 5220 Spring Valley Road, Suite 525, Dallas, Texas 75254; Attn: Randy Griffin, Chief Executive Officer, facsimile: 972-490-9161, (ii) if to the undersigned, to: the address and facsimile number indicated on the signature page hereto.

7. Entire Agreement; Assignment. This Subscription Agreement and other documents delivered in connection herewith represent the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by the Company and the undersigned. Neither the Company nor the undersigned has relied on any representations not contained or referred to in the 1-A and this Subscription Agreement and the documents delivered herewith. No right or obligation of the Company or undersigned shall be assigned without prior notice to and the written consent of the other party.

8. Counterparts/Execution. This Subscription Agreement may be executed in any number of counterparts and by the different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Subscription Agreement may be executed by facsimile signature and delivered by facsimile transmission.

9. Law Governing Subscription Agreement. This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Subscription Agreement shall be brought only in the state courts of Nevada or in the federal courts located in the state of California, Clark county. The parties to this Subscription Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The parties executing this Subscription Agreement and other agreements referred to herein or delivered in connection herewith on behalf of the Company agree to submit to the *in personam* jurisdiction of such courts and hereby irrevocably waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Subscription Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement.

10. Captions; Certain Definitions. The captions of the various sections and paragraphs of this Subscription Agreement have been inserted only for the purposes of convenience; such captions are not a part of this Subscription Agreement and shall not be deemed in any manner to modify, explain, enlarge, or restrict any of the provisions of this Subscription Agreement. As used in this Subscription Agreement the term "person" shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof.

11. Severability. In the event that any term or provision of this Subscription Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by an authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (i) by or before that authority of the remaining terms and provisions of this Subscription Agreement, which shall be enforced as if the unenforceable term or provision were deleted or (ii) by or before any other authority of any of the terms and provisions of this Subscription Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement on the date set forth on the signature page.

The undersigned desires to take title in the Units as an individual, a corporation, a partnership, or a limited liability company. The exact spelling of name(s) under which title to the Units shall be taken, and the exact location for delivery of the Units, is (please print):

Name(s) _____

(address) _____

(fax number) _____

SUBSCRIPTION AGREEMENT

SIGNATURE PAGE

Purchase Price subscribed: \$_____

Number of Units subscribed: _____

Name of Purchaser(s) (Please print or type)

Signature

Signature

Social Security/Tax Identification Number: _____

Mailing Address: _____

Executed at _____, this _____ day of _____, 2008.
(location)

SUBSCRIPTION ACCEPTED:

MESA ENERGY, INC.

By: _____
Randy Griffin, Chief Executive Officer

DATE: _____, 2008

**Main Pass 35 Field
Plaquemines Parish, Louisiana
Reserve Estimate and Economic Report**

Prepared by:

**Seek Production, LLC
11807 Westheimer, Suite 550
Houston, TX 77077**

SEEK PRODUCTION, LLC
11807 Westheimer
Suite 550
Houston, TX 77077

February 15, 2008

Mr. David L. Freeman
Executive Vice President
Mesa Energy, Inc.
5220 Spring Valley Road
Suite 525
Dallas, TX 75254

Dear Mr. Freeman:

In accordance with your request, we have estimated the proved, probable and possible reserves and future revenue, as of December 31, 2007, in the Main Pass Block 35 Field located in state waters in Plaquemine's Parish, Louisiana. This report has been prepared using price and cost parameters specified by Mesa Energy, Inc., as discussed in subsequent paragraphs of this letter.

As presented in the accompanying summary projections, Tables I through V, we estimate the net reserves and future net revenue to the 8/8ths interest, as of December 31, 2007, to be:

Category	Net Oil	Net Gas	Cash Flow	Present worth @ 10%
Proved Developed Producing	365,032	0	9,435,614	6,765,247
Proved Developed Non- Producing	102,413	115,500	7,550,200	6,875,089
Proved Undeveloped	74,337	64,800	1,863,625	1,495,107
Total Proved	541,782	180,300	18,849,439	15,135,443
Probable	91,889	0	5,387,817	3,825,476
Possible	713,644	1,971,300	62,439,266	52,530,391

The oil reserves shown include crude oil and condensate. Oil volumes are expressed in barrels that are equivalent to 42 United States gallons. Gas volumes are expressed in thousands of cubic feet (MCF) at standard temperature and pressure bases. Monetary values are in US dollars.

Stated reserves are based on the following assumptions: 1) pre Katrina production rates of 150 boepd will be restored in mid 2008; 2) one re-completion and one workover will be performed in the second half of 2008 that will increase production by an additional 170 boepd; 3) additional workovers and re-completions will be performed at later dates as indicated; and 4) one new well will be drilled in the 1st Quarter of 2009 that will add an additional 500 boepd, 325 boepd of which will be contributed by an exploratory sand.

The estimates shown in this report are for proved developed producing (PDP), proved developed non-producing (PDNP), proved undeveloped (PUD), probable and possible reserves. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts or depths for which undeveloped reserves have been estimated. Reserve categorization conveys the relative degree of certainty. The estimates of reserves and future revenue included herein have not been adjusted for risk. Definitions of reserve categories are presented immediately following this letter. For each reserve category, this report includes a summary projection of reserves and revenue along with one-line summaries of reserves, economics, and basic data by reservoir.

Future gross revenue to the 8/8ths interest is prior to deducting state production taxes and ad valorem taxes. Future net revenue is after deductions of these taxes and future capital costs and operating expenses, but before consideration of federal income taxes. The future net revenue has been discounted at an annual rate of 10 percent (10% NPV) to determine its present worth. The present worth is shown to indicate the effect of time on the values of money and should not be construed as being the fair market value of the properties.

For the purpose of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and their related facilities. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability. Our estimates of future revenue do not include any salvage value for the lease, processing equipment or well equipment. No abandonment costs for lease, well and facilities are included.

As requested, this report has been prepared using oil and gas price parameters specified by Mesa Energy, Inc. All prices are held constant: \$80/BBL for oil and condensate, \$7/MCF for gas.

Lease and well operating costs used in this report are based on operating cost estimates provided by Mesa Energy, Inc., of \$92,000/month. Operating costs have been divided into two categories; well expense and fixed costs. 70% of the total operating cost is allocated to fixed costs and the remaining 30% is divided equally between the six wells

to be returned to active production. Production taxes used are based on values provided by Mesa Energy, Inc., of 8% of the net oil revenue. As requested, production taxes and operating cost estimates are held constant throughout the lives of the properties. Capital costs are included as required for re-completions, workovers and new development wells. All capital costs used are as provided by Mesa Energy, Inc.

The reserves shown in this report are estimates only and should not be construed as exact quantities. The reserves may or may not be recovered; if they are recovered, the revenues and the costs could be more or less than the estimated amounts. A substantial portion of these reserves are for behind pipe zones, undeveloped locations, and producing wells that lack sufficient production history upon which performance-related estimates of reserves can be based. Therefore, these reserves are based on estimates of reservoir volumes and recovery efficiencies along with analogies to similar production. Because such reserve estimates are usually subject to greater revision than those based on substantial production and pressure data, it may be necessary to revise these estimates as additional performance data become available. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such reserves may vary from assumptions made while preparing this report. Also, estimates of reserves may increase or decrease as a result of future operations.

In evaluating the information at our disposal concerning this report, we have excluded from our consideration all matters as to which the controlling interpretation may be legal or accounting, rather than engineering and geologic. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geologic data; therefore, our conclusions necessarily represent only informed professional judgment.

The titles to the properties have not been examined by Seek Production, LLC, nor has the actual degree or type of interest owned been independently confirmed. The data used in our estimates were obtained from Mesa Energy, Inc. and public data sources and were accepted as accurate. We do not own an interest in these properties and are not employed on contingent basis.

Very truly yours,
SEEK PRODUCTION, LLC

Brian L. Evans

By: Brian L. Evans
Reservoir Engineer

William E. Geen Jr.

By: William Geen Jr
Geologist

Biographical Information

Brian L. Evans - Senior Petroleum Engineer

Mr. Evans has in excess of 34 years of experience in reservoir management, drilling and production in both on-shore and offshore environments. His experience also includes a large number of engineering projects involving the acquisition/disposition of oil & gas properties. His career has included Reservoir Engineering and Geoscientist positions at Texaco, Phillips Petroleum, Halliburton and Occidental. He holds a Bachelor of Science degree in Geological Engineering from Brigham Young University and is a member of the Society of Petroleum Engineers.

William E. Geen, Jr. – Certified Petroleum Geologist/Geophysicist

Mr. Geen has over 29 years of technical and staff petroleum geo-science experience with a particular emphasis on oil and gas field development, asset management, prospect generation, geologic and geophysical property evaluations, reservoir characterization and formation evaluation of most prospect types. He has extensive training in multi-discipline team performance and quality improvement techniques. His career has included over 21 years with Gulf Oil Corporation and Chevron USA as well as 5 years as a Consulting Geologist/Geophysicist with Integrated Production Services. He is currently an Owner/Partner with Seek Production, LLC. He holds a Bachelor of Science Degree from Nicholls State University and is a member of the Society of Professional Earth Scientists, the American Association of Petroleum Geologists and the New Orleans Geological Society.

Petroleum Reserves Definitions

Reserves derived under these definitions rely on the integrity, skill, and judgment of the evaluator and are affected by the geological complexity, stage of development, degree of depletion of the reservoirs, and amount of available data. Use of these definitions should sharpen the distinction between the various classifications and provide more consistent reserves reporting.

Definitions

Reserves are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward. All reserve estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

The intent of the Society of Petroleum Engineers (SPE) and World Petroleum Council (WPC, formerly World Petroleum Congresses) in approving additional classifications beyond proved reserves is to facilitate consistency among professionals using such terms. In presenting these definitions, neither organization is recommending public disclosure of reserves classified as unproved. Public disclosure of the quantities classified as unproved reserves is left to the discretion of the countries or companies involved.

Estimation of reserves is done under conditions of uncertainty. The method of estimation is called deterministic if a single best estimate of reserves is made based on known geological, engineering, and economic data. The method of estimation is called probabilistic when the known geological, engineering, and economic data are used to generate a range of estimates and their associated probabilities. Identifying reserves as proved, probable, and possible has been the most frequent classification method and gives an indication of the probability of recovery. Because of potential differences in uncertainty, caution should be exercised when aggregating reserves of different classifications.

Reserves estimates will generally be revised as additional geologic or engineering data becomes available or as economic conditions change. Reserves do not include quantities of petroleum being held in inventory, and may be reduced for usage or processing losses if required for financial reporting.

Reserves may be attributed to either natural energy or improved recovery methods. Improved recovery methods include all methods for supplementing natural energy or altering natural forces in the reservoir to increase ultimate recovery. Examples of such methods are pressure maintenance, cycling, waterflooding, thermal methods, chemical flooding, and the use of miscible and immiscible displacement fluids. Other improved recovery methods may be developed in the future as petroleum technology continues to evolve.

Proved Reserves

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. Proved reserves can be categorized as developed or undeveloped.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Establishment of current economic conditions should include relevant historical petroleum prices and associated costs and may involve an averaging period that is consistent with the purpose of the reserve estimate, appropriate contract obligations, corporate procedures, and government regulations involved in reporting these reserves.

In general, reserves are considered proved if the commercial producibility of the reservoir is supported by actual production or formation tests. In this context, the term proved refers to the actual quantities of petroleum reserves and not just the productivity of the well or reservoir. In certain cases, proved reserves may be assigned on the basis of well logs and/or core analysis that indicate the subject reservoir is hydrocarbon bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

The area of the reservoir considered as proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) the undrilled portions of the reservoir that can reasonably be judged as commercially productive on the basis of available geological and engineering data. In the absence of data on fluid contacts, the lowest known occurrence of hydrocarbons controls the proved limit unless otherwise indicated by definitive geological, engineering or performance data.

Reserves may be classified as proved if facilities to process and transport those reserves to market are operational at the time of the estimate or there is a reasonable expectation that such facilities will be installed. Reserves in undeveloped locations may be classified as proved undeveloped provided (1) the locations are direct offsets to wells that have indicated commercial production in the objective formation,

(2) it is reasonably certain such locations are within the known proved productive limits of the objective formation, (3) the locations conform to existing well spacing regulations where applicable, and (4) it is reasonably certain the locations will be developed. Reserves from other locations are categorized as proved undeveloped only where interpretations of geological and engineering data from wells indicate with reasonable certainty that the objective formation is laterally continuous and contains commercially recoverable petroleum at locations beyond direct offsets.

Reserves which are to be produced through the application of established improved recovery methods are included in the proved classification when (1) successful testing by a pilot project or favorable response of an installed program in the same or an analogous reservoir with similar rock and fluid properties provides support for the analysis on which the project was based, and, (2) it is reasonably certain that the project will proceed. Reserves to be recovered by improved recovery methods that have yet to be established through commercially successful applications are included in the proved classification only (1) after a favorable production response from the subject reservoir from either (a) a representative pilot or (b) an installed program where the response provides support for the analysis on which the project is based and (2) it is reasonably certain the project will proceed.

Unproved Reserves

Unproved reserves are based on geologic and/or engineering data similar to that used in estimates of proved reserves; but technical, contractual, economic, or regulatory uncertainties preclude such reserves being classified as proved. Unproved reserves may be further classified as probable reserves and possible reserves.

Unproved reserves may be estimated assuming future economic conditions different from those prevailing at the time of the estimate. The effect of possible future improvements in economic conditions and technological developments can be expressed by allocating appropriate quantities of reserves to the probable and possible classifications.

Probable Reserves

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used,

there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

In general, probable reserves may include (1) reserves anticipated to be proved by normal step-out drilling where sub-surface control is inadequate to classify these reserves as proved, (2) reserves in formations that appear to be productive based on well log characteristics but lack core data or definitive tests and which are not analogous to producing or proved reservoirs in the area, (3) incremental reserves attributable to infill drilling that could have been classified as proved if closer statutory spacing had been approved at the time of the estimate, (4) reserves attributable to improved recovery methods that have been established by repeated commercially successful applications when (a) a project or pilot is planned but not in operation and (b) rock, fluid, and reservoir characteristics appear favorable for commercial application, (5) reserves in an area of the formation that appears to be separated from the proved area by faulting and the geologic interpretation indicates the subject area is structurally higher than the proved area, (6) reserves attributable to a future workover, treatment, re-treatment, change of equipment, or other mechanical procedures, where such procedure has not been proved successful in wells which exhibit similar behavior in analogous reservoirs, and (7) incremental reserves in proved reservoirs where an alternative interpretation of performance or volumetric data indicates more reserves than can be classified as proved.

Possible Reserves

Possible reserves are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable plus possible reserves.

In general, possible reserves may include (1) reserves which, based on geological interpretations, could possibly exist beyond areas classified as probable, (2) reserves in formations that appear to be petroleum bearing based on log and core analysis but may not be productive at commercial rates, (3) incremental reserves attributed to infill drilling that are subject to technical uncertainty, (4) reserves attributed to improved recovery methods when (a) a project or pilot is planned but not in operation and (b) rock, fluid, and reservoir characteristics are such that a reasonable doubt exists that the project will be commercial, and (5) reserves in an area of the formation that appears to be separated from the proved area by faulting and geological interpretation indicates the subject area is structurally lower than the proved area.

Reserve Status Categories

Reserve status categories define the development and producing status of wells and reservoirs.

Developed: Developed reserves are expected to be recovered from existing wells including reserves behind pipe. Improved recovery reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Developed reserves may be subcategorized as producing or non-producing.

Producing: Reserves subcategorized as producing are expected to be recovered from completion intervals which are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Non-producing: Reserves subcategorized as non-producing include shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future recompletion prior to the start of production.

Undeveloped Reserves: Undeveloped reserves are expected to be recovered: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different reservoir, or (3) where a relatively large expenditure is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Approved by the Board of Directors, Society of Petroleum Engineers (SPE) Inc., and the Executive Board, World Petroleum Council (WPC), March 1997

Main Pass 35 Field Reserves

Proved Developed Producing

Economic Report (12 Month Detail)

TABLE I

Location:	MP 35 TOTAL PDP VARIOUS
Owner:	
County:	
State:	

Location:	Field: MP 35
Section:	Reservoir: Various
Township:	API:
Range:	Operator:

Date: 18-Feb-2008
Time: 08:52:09

Date	Oil (bbls)	Revenue Int. - Oil (%)	Net Oil (bbls)	Oil Price (\$/bbl)	Net Oil Revenue (\$)	Gas (mcf)	Revenue Int. - Gas (%)	Net Gas (mcf)	Gas Price (\$/mcf)	Net Gas Revenue (\$)
Jun-2008	4,530	75.000000	3,398	80.00	271,800	0	0.000000	0	0.00	0
Jul-2008	4,497	75.000000	3,373	80.00	269,800	0	0.000000	0	0.00	0
Aug-2008	4,463	75.000000	3,347	80.00	267,755	0	0.000000	0	0.00	0
Sep-2008	4,429	75.000000	3,322	80.00	265,732	0	0.000000	0	0.00	0
Oct-2008	4,397	75.000000	3,297	80.00	263,794	0	0.000000	0	0.00	0
Nov-2008	4,364	75.000000	3,273	80.00	261,812	0	0.000000	0	0.00	0
Dec-2008	4,332	75.000000	3,249	80.00	259,913	0	0.000000	0	0.00	0
Jan-2009	4,300	75.000000	3,225	80.00	257,971	0	0.000000	0	0.00	0
Feb-2009	4,267	75.000000	3,201	80.00	256,050	0	0.000000	0	0.00	0
Mar-2009	4,239	75.000000	3,179	80.00	254,331	0	0.000000	0	0.00	0
Apr-2009	4,207	75.000000	3,158	80.00	252,447	0	0.000000	0	0.00	0
May-2009	4,177	75.000000	3,133	80.00	250,643	0	0.000000	0	0.00	0
2009	28,407	75.000000	21,305	80.00	1,704,437	0	0.000000	0	0.00	0
2010	45,544	75.000000	34,158	80.00	2,732,657	0	0.000000	0	0.00	0
2011	41,948	75.000000	31,461	80.00	2,516,898	0	0.000000	0	0.00	0
2012	38,744	75.000000	29,056	80.00	2,324,643	0	0.000000	0	0.00	0
2013	35,693	75.000000	26,920	80.00	2,153,610	0	0.000000	0	0.00	0
2014	33,347	75.000000	25,011	80.00	2,000,848	0	0.000000	0	0.00	0
2015	31,066	75.000000	23,300	80.00	1,863,977	0	0.000000	0	0.00	0
2016	29,012	75.000000	21,759	80.00	1,740,746	0	0.000000	0	0.00	0
2017	27,168	75.000000	20,374	80.00	1,628,940	0	0.000000	0	0.00	0
2018	25,468	75.000000	19,123	80.00	1,529,878	0	0.000000	0	0.00	0
Subtotal:	388,628		291,621		23,329,681	0		0		0
Remaining:	97,891	75.000000	73,411	80.00	5,872,872	0	0.000000	0	0.00	0
Total:	486,709		365,032		29,202,553	0		0		0

Date	Total Net Revenue (\$)	Working Int. (%)	WT Well Count	Net Oper Exp (\$)	Net Taxes (\$)	Net Invest (\$)	Net Salvage (\$)	Net Cash Flow (\$)	Cum Cash Flow (\$)	20% NPV (\$)
Jun-2008	271,800	100.000000	11.00	92,000	28,982	0	0	150,808	150,808	150,808
Jul-2008	269,800	100.000000	11.00	92,000	28,779	0	0	149,022	299,830	146,775
Aug-2008	267,755	100.000000	11.00	92,000	28,581	0	0	147,195	447,025	142,789
Sep-2008	265,732	100.000000	11.00	92,000	28,346	0	0	145,387	592,412	138,909
Oct-2008	263,794	100.000000	11.00	92,000	28,138	0	0	143,656	736,067	135,185
Nov-2008	261,812	100.000000	11.00	92,000	27,927	0	0	141,895	877,962	131,506
Dec-2008	259,913	100.000000	11.00	92,000	27,724	0	0	140,189	1,018,141	127,974
Jan-2009	257,971	100.000000	11.00	92,000	27,517	0	0	138,454	1,156,595	124,485
Feb-2009	256,050	100.000000	11.00	92,000	27,312	0	0	136,739	1,293,333	121,068
Mar-2009	254,331	100.000000	11.00	92,000	27,129	0	0	135,202	1,428,536	117,923
Apr-2009	252,447	100.000000	11.00	92,000	26,928	0	0	133,520	1,562,055	114,899
May-2009	250,643	100.000000	11.00	92,000	26,735	0	0	131,907	1,693,963	111,808
2009	1,704,437	100.000000	11.00	644,000	181,807	0	0	878,631	2,572,593	700,423
2010	2,732,657	100.000000	11.00	1,104,000	291,463	0	0	1,337,174	3,909,767	924,961
2011	2,516,898	100.000000	11.00	1,104,000	268,489	0	0	1,144,429	5,054,196	859,752
2012	2,324,643	100.000000	11.00	1,104,000	247,062	0	0	972,681	6,026,877	487,340
2013	2,153,610	100.000000	11.00	1,104,000	229,718	0	0	819,891	6,846,768	328,321
2014	2,000,848	100.000000	11.00	1,104,000	213,424	0	0	683,424	7,530,192	228,105
2015	1,863,977	100.000000	11.00	1,104,000	198,824	0	0	561,153	8,091,345	156,120
2016	1,740,746	100.000000	11.00	1,104,000	185,690	0	0	451,057	8,542,412	104,617
2017	1,628,940	100.000000	11.00	1,104,000	173,860	0	0	352,079	8,894,491	68,085
2018	1,529,878	100.000000	11.00	1,104,000	163,187	0	0	262,691	9,157,182	42,369
Subtotal:	23,329,681			11,664,000	2,488,499	0	0	8,157,182		5,243,839
Remaining:	5,872,872	100.000000	11.00	4,988,000	628,440	0	0	278,433	278,433	36,852
Total:	29,202,553			16,652,000	3,114,939	0	0	9,435,614	9,435,614	5,280,691

Decline Parameters Used in Forecast							
Start Date	Qi (Units/Mo)	Q1 (Nominal)	b	Qn (Units/Mo)	Np	End Date	Product

10% NPV (\$):	6,785,247
20% NPV (\$):	5,280,691
30% NPV (\$):	4,362,665
Last Production:	Jun-2023
Investment (\$):	0
Payout (Years):	0.00
ROI:	0.00
IRR (%):	400.00

MP 35 TOTAL PDP VARIOUS

Revenue & Reserve Summary (Sort = Cash Flow)

TOTAL POP SUMMARY

As Of Date Jun 2006

Date: Feb 16, 2006
Time: 07:07:36

Lease Name	Reservoir	Well #	Lbs/Ton	Net Total				Cumulative Production				Current Reserves				Ultimate Reserves			
				Revenue (\$)	Investments (\$)	Gain (\$)	Loss (\$)	Oil (bbl)	Gas (mcf)	Water (bbl)	Oil (bbl)	Gas (mcf)	Water (bbl)	Oil (bbl)	Gas (mcf)	Water (bbl)	Oil (bbl)	Gas (mcf)	Water (bbl)
SL 1959	8200 B sand	831	15.01	6,823,630	0	7,049,843	4,824,944	0	0	0	0	147,081	0	0	147,081	0	0	0	0
SL 1959	8200 B sand	843	15.01	5,271,952	0	3,477,010	2,285,082	0	0	0	0	87,868	0	0	87,868	0	0	0	0
SL 1959	8200 A sand	810	15.01	4,818,365	0	3,243,186	1,820,323	0	0	0	0	73,973	0	0	73,973	0	0	0	0
SL 1959	8200 sand	8040	15.01	4,511,830	0	3,187,968	1,828,868	0	0	0	0	73,197	0	0	73,197	0	0	0	0
SL 1959	8250 B sand	87	15.01	4,075,054	0	2,807,782	1,590,477	0	0	0	0	67,818	0	0	67,818	0	0	0	0
SL 1959	8390 sand	827A	15.01	1,901,662	0	888,246	501,063	0	0	0	0	31,085	0	0	31,085	0	0	0	0
SL 1959	FIXED COSTS	VARIOUS	15.01	0	0	-11,686,400	-8,207,150	0	0	0	0	0	0	0	0	0	0	0	0
				29,202,563	0	9,435,814	8,768,247	0	0	0	0	488,709	0	0	488,709	0	0	0	0

V103

Main Pass 35 Field Reserves

Proved Developed Non-Producing

Economic Report (12 Month Detail)

TABLE II

Lease: MP 35 TOTAL PDNP VARIOUS
Owner:
County:
State:
Date: 16-Feb-2009
Time: 06:40:04

Location:	Field: MP 35 FIELD
Section:	Reservoir: VARIOUS
Township:	API:
Range:	Operator:

Date	Oil (bbl)	Revenue Int. - Oil (%)	Net Oil (bbl)	Oil Price (\$/bbl)	Net Oil Revenue (\$)	Gas (mcf)	Revenue Int. - Gas (%)	Net Gas (mcf)	Gas Price (\$/mcf)	Net Gas Revenue (\$)
Sep-2008	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
Oct-2008	4,800	75.000000	3,600	80.00	288,000	0	0.000000	0	0.00	0
Nov-2008	4,739	75.000000	3,554	80.00	284,354	0	0.000000	0	0.00	0
Dec-2008	4,681	75.000000	3,511	80.00	280,870	0	0.000000	0	0.00	0
Jan-2009	6,572	75.000000	5,154	80.00	412,315	15,000	75.000000	11,250	7.00	78,750
Feb-2009	6,813	75.000000	5,110	80.00	408,804	15,000	75.000000	11,250	7.00	78,750
Mar-2009	6,781	75.000000	5,071	80.00	405,671	15,000	75.000000	11,250	7.00	78,750
Apr-2009	6,704	75.000000	5,028	80.00	402,245	15,000	75.000000	11,250	7.00	78,750
May-2009	6,650	75.000000	4,987	80.00	398,970	15,000	75.000000	11,250	7.00	78,750
Jun-2009	6,594	75.000000	4,945	80.00	395,629	15,000	75.000000	11,250	7.00	78,750
Jul-2009	6,541	75.000000	4,905	80.00	392,405	15,000	75.000000	11,250	7.00	78,750
Aug-2009	6,485	75.000000	4,865	80.00	389,177	15,000	75.000000	11,250	7.00	78,750
2009	25,422	75.000000	19,057	80.00	1,525,336	32,000	75.000000	24,000	7.00	168,000
2010	43,487	75.000000	32,615	80.00	2,609,218	2,000	75.000000	1,500	7.00	10,500
2011	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2012	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2013	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2014	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2015	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2016	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2017	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2018	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
Subtotal:	136,560		102,413		8,193,023	154,000		115,500		808,500
Remaining:	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
Total:	136,560		102,413		8,193,023	154,000		115,500		808,500

Date	Total Net Revenue (\$)	Working Int. (%)	Wt Well Count	Net Oper Exp (\$)	Net Taxes (\$)	Net Invest (\$)	Net Salvage (\$)	Net Cash Flow (\$)	Cum Cash Flow (\$)	20% NPV (\$)
Sep-2008	0		1.00	4,800	0	225,000	0	-229,600	-229,600	-229,600
Oct-2008	288,000	100.000000	1.00	4,800	30,720	0	0	252,880	23,080	248,870
Nov-2008	284,354	100.000000	1.00	4,800	30,331	0	0	249,423	272,503	241,958
Dec-2008	280,870	100.000000	2.00	9,200	29,959	150,000	0	91,711	364,214	87,624
Jan-2009	491,085	100.000000	2.00	9,200	43,990	0	0	437,884	802,098	412,085
Feb-2009	487,554	100.000000	2.00	9,200	43,605	0	0	434,748	1,236,846	402,945
Mar-2009	484,421	100.000000	2.00	9,200	43,272	0	0	431,950	1,668,796	394,314
Apr-2009	480,995	100.000000	2.00	9,200	42,908	0	0	428,689	2,097,685	385,617
May-2009	477,720	100.000000	2.00	9,200	42,557	0	0	425,964	2,523,649	377,212
Jun-2009	474,379	100.000000	2.00	9,200	42,200	0	0	422,978	2,946,627	368,820
Jul-2009	471,185	100.000000	2.00	9,200	41,860	0	0	420,125	3,366,753	360,907
Aug-2009	467,927	100.000000	2.00	9,200	41,512	0	0	417,214	3,783,967	353,001
2009	1,893,336	100.000000	2.00	36,800	162,702	0	0	1,493,833	6,277,600	1,218,978
2010	2,619,718	100.000000	1.88	69,000	278,316	0	0	2,272,400	7,550,200	1,700,173
2011	0	0.000000	0.00	0	0	0	0	0	7,550,200	0
2012	0	0.000000	0.00	0	0	0	0	0	7,550,200	0
2013	0	0.000000	0.00	0	0	0	0	0	7,550,200	0
2014	0	0.000000	0.00	0	0	0	0	0	7,550,200	0
2015	0	0.000000	0.00	0	0	0	0	0	7,550,200	0
2016	0	0.000000	0.00	0	0	0	0	0	7,550,200	0
2017	0	0.000000	0.00	0	0	0	0	0	7,550,200	0
2018	0	0.000000	0.00	0	0	0	0	0	7,550,200	0
Subtotal:	9,001,523			202,400	873,922	375,000	0	7,550,200		6,322,982
Remaining:	0	0.000000	0.00	0	0	0	0	0	0	0
Total:	9,001,523			202,400	873,922	375,000	0	7,550,200	7,550,200	6,322,982

Decline Parameters Used in Forecast							
Start Date	Q1 (Units/Mo)	D1 (Nominal)	b	Q2 (Units/Mo)	Np	End Date	Product

10% NPV (\$):	6,875,089
20% NPV (\$):	6,322,982
30% NPV (\$):	5,853,112
Last Production:	Aug-2010
Investment (\$):	375,000
Payout (Years):	0.17
ROI:	21.13
IRR (%):	400.00

MP 35 TOTAL PDNP VARIOUS

TOTAL POND SUMMARY

As Of Date: Sep 2008

Date: Feb 15, 2003
Time: 07:07:24

Lease Name	Reservoir	Well #	Life [Yr]	Net Total				Cumulative Production				Current Reserves			Ultimate Reserves		
				Revenue [\$]	Investments [\$]	Cash Flow [\$]	Disc. 10% [\$]	Oil [Bbls]	Gas [Mcf]	Water [Bbls]	Oil [Bbls]	Gas [Mcf]	Water [Bbls]	Oil [Bbls]	Gas [Mcf]	Water [Bbls]	
SJ_1858 PUMP	7500 9&H	804	1.92	5,793,023	228,000	4,565,760	2,405,794	0	0	0	96,500	0	96,500	0	0	0	
			1.56	3,208,023	159,000	2,710,960	2,528,638	0	0	0	40,000	0	40,000	154,000	0	0	
SJ_1858 PUMP	7600 9&H	841															
				9,001,523	375,000	7,600,260	6,804,633	0	0	0	136,500	0	136,500	154,000	0	184,000	

Main Pass 35 Field Reserves

Proved Undeveloped

Economic Report (12 Month Detail)

TABLE III

Lease: MP 35 TOTAL PUD VARIOUS
Owner:
County:
State:

Location:	Field:
Section:	Reservoir:
Township:	API:
Range:	Operator:

Date: 18-Feb-2008

Time: 06:52:58

Date	Oil (bbls)	Revenue Int. - Oil (%)	Net Oil (bbls)	Oil Price (\$/bbl)	Net Oil Revenue (\$)	Gas (mcf)	Revenue Int. - Gas (%)	Net Gas (mcf)	Gas Price (\$/mcf)	Net Gas Revenue (\$)
Mar-2009	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
Apr-2009	6,250	75.000000	3,938	80.00	315,000	0	0.000000	0	0.00	0
May-2009	5,218	75.000000	3,913	80.00	313,064	0	0.000000	0	0.00	0
Jun-2009	5,185	75.000000	3,898	80.00	311,076	0	0.000000	0	0.00	0
Jul-2009	5,153	75.000000	3,885	80.00	309,165	0	0.000000	0	0.00	0
Aug-2009	5,120	75.000000	3,840	80.00	307,202	0	0.000000	0	0.00	0
Sep-2009	5,088	75.000000	3,818	80.00	305,251	0	0.000000	0	0.00	0
Oct-2009	5,058	75.000000	3,792	80.00	303,375	0	0.000000	0	0.00	0
Nov-2009	5,024	75.000000	3,768	80.00	301,449	0	0.000000	0	0.00	0
Dec-2009	4,993	75.000000	3,745	80.00	299,596	0	0.000000	0	0.00	0
Jan-2010	4,962	75.000000	3,721	80.00	297,694	0	0.000000	0	0.00	0
Feb-2010	3,000	75.000000	2,250	80.00	180,000	0	0.000000	0	0.00	0
2010	38,280	75.000000	28,896	80.00	2,295,570	0	0.000000	0	0.00	0
2011	6,809	75.000000	5,107	80.00	408,526	86,400	0.000000	0	0.00	453,600
2012	0	0.000000	0	0.00	0	0	0.000000	64,800	7.00	453,600
2013	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2014	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2015	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2016	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2017	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2018	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2019	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
Subtotal:	99,116		74,337		5,946,968	86,400		64,800		453,600
Remaining:	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
Total:	99,116		74,337		5,946,968	86,400		64,800		453,600

Date	Total Net Revenue (\$)	Working Int. (%)	W1 Well Count	Net Oper Exp (\$)	Net Taxes (\$)	Net Invest (\$)	Net Salvage (\$)	Net Cash Flow (\$)	Cum Cash Flow (\$)	20% NPV (\$)
Mar-2009	0		1.00	4,600	0	2,333,000	0	-2,337,600	-2,337,600	-2,337,600
Apr-2009	315,000	100.000000	1.00	4,600	33,600	0	0	276,800	-2,060,800	272,625
May-2009	313,064	100.000000	1.00	4,600	33,364	0	0	275,071	-1,785,729	266,838
Jun-2009	311,076	100.000000	1.00	4,600	33,181	0	0	273,295	-1,512,434	261,118
Jul-2009	309,165	100.000000	1.00	4,600	32,978	0	0	271,587	-1,240,847	255,573
Aug-2009	307,202	100.000000	1.00	4,600	32,768	0	0	269,833	-971,014	250,094
Sep-2009	305,251	100.000000	1.00	4,600	32,560	0	0	268,091	-702,923	244,732
Oct-2009	303,375	100.000000	1.00	4,600	32,360	0	0	266,415	-436,508	239,535
Nov-2009	301,449	100.000000	1.00	4,600	32,155	0	0	264,694	-171,814	234,400
Dec-2009	299,596	100.000000	1.00	4,600	31,957	0	0	263,039	91,226	229,422
Jan-2010	297,694	100.000000	1.00	4,600	31,754	0	0	261,340	352,565	224,503
Feb-2010	180,000	100.000000	1.00	4,600	19,200	750,000	0	-569,800	-241,235	-502,409
2010	2,295,570	100.000000	1.00	46,000	244,861	550,000	0	1,454,709	1,213,475	1,119,722
2011	408,526	40.000000	1.00	13,800	43,576	0	0	351,150	1,564,625	
2012	453,600	0.000000	1.00	4,600	0	150,000	0	299,000	1,863,625	
2013	0	0.000000	0.00	0	0	0	0	0	1,863,625	0
2014	0	0.000000	0.00	0	0	0	0	0	1,863,625	0
2015	0	0.000000	0.00	0	0	0	0	0	1,863,625	0
2016	0	0.000000	0.00	0	0	0	0	0	1,863,625	0
2017	0	0.000000	0.00	0	0	0	0	0	1,863,625	0
2018	0	0.000000	0.00	0	0	0	0	0	1,863,625	0
2019	0	0.000000	0.00	0	0	0	0	0	1,863,625	0
Subtotal:	6,400,568			119,600	634,343	3,783,000	0	1,863,625		1,201,123
Remaining:	0	0.000000	0.00	0	0	0	0	0	0	0
Total:	6,400,568			119,600	634,343	3,783,000	0	1,863,625	1,863,625	1,201,123

Decline Parameters Used in Forecast						
Start Date	Q1 (Units/Mo)	D1 (Nominal)	b	Qe (Units/Mo)	Np	End Date
						Product

10% NPV (\$): 1,495,107
20% NPV (\$): 1,201,123
30% NPV (\$): 981,367
Last Production: Dec-2012
Investment (\$): 3783000
Payout (Years): 0.83
ROI: 1.49
IRR (%): 104.24

MP 35 TOTAL PUD VARIOUS

Revenue & Reserve Summary (Sort = Cash Flow)

TOTAL PUD SUMMARY

As Of Date: Mar 2009

Date: Feb 16, 2008
Time: 07:09:56
V1.02

Lease Name	Reservoir	Type #	Life (Yrs)	Net Total			Cumulative Production			Current Reserves			Ultimate Reserves		
				Revenue (\$)	Investments (\$)	Cash Flow (\$)	Prod. (1000 Bbl)	Oil (bbls)	Gas (mcf)	Water (bbls)	Oil (bbls)	Gas (mcf)	Water (bbls)	Oil (bbls)	Gas (mcf)
SL 1098 3d complet	7200 SAND	NEW WELL	0.67	1,094,944	920,000	1,820,750	1,148,057	0	0	0	0	33,249	0	33,249	0
SL 1098 1st complet	7350 SAND	NEW WELL	0.64	3,032,872	2,333,000	352,955	236,327	0	0	0	0	51,046	0	51,046	0
SL 1098 PUD	9250 SAND	NEW WELL BTP	0.90	471,600	130,000	269,000	279,243	0	0	0	0	86,400	0	86,400	0
SL 1098 2d complet	7350 SAND	NEW WELL	0.33	869,152	750,000	21,309	9,279	0	0	0	0	14,819	0	14,819	0
				9,418,568	3,763,000	1,863,625	1,673,905	0	0	0	0	99,116	86,400	99,116	96,400

Main Pass 35 Field Reserves

Probable

Economic Report (12 Month Detail)

TABLE IV

Lesse: MP 35 TOTAL PROB VARIOUS			
Owner:			
County:			
State:			

Date: 18-Feb-2008
Time: 06:52:45

Location:	Field:
Section:	Reservoir:
Township:	API:
Range:	Operator:

Date	Oil (bbls)	Revenue Int. - Oil (%)	Net Oil (bbls)	Oil Price (\$/bbl)	Net Oil Revenue (\$)	Gas (mcf)	Revenue Int. - Gas (%)	Net Gas (mcf)	Gas Price (\$/mcf)	Net Gas Revenue (\$)
Sep-2008	580	75.000000	435	80.00	34,817	0	0.000000	0	0.00	0
Oct-2008	578	75.000000	433	80.00	34,674	0	0.000000	0	0.00	0
Nov-2008	575	75.000000	432	80.00	34,527	0	0.000000	0	0.00	0
Dec-2008	573	75.000000	430	80.00	34,385	0	0.000000	0	0.00	0
Jan-2009	571	75.000000	428	80.00	34,240	0	0.000000	0	0.00	0
Feb-2009	568	75.000000	425	80.00	34,094	0	0.000000	0	0.00	0
Mar-2009	2,818	75.000000	2,112	80.00	168,964	0	0.000000	0	0.00	0
Apr-2009	2,804	75.000000	2,103	80.00	168,248	0	0.000000	0	0.00	0
May-2009	2,793	75.000000	2,094	80.00	167,558	0	0.000000	0	0.00	0
Jun-2009	2,781	75.000000	2,086	80.00	166,848	0	0.000000	0	0.00	0
Jul-2009	2,769	75.000000	2,077	80.00	166,164	0	0.000000	0	0.00	0
Aug-2009	2,758	75.000000	2,068	80.00	165,460	0	0.000000	0	0.00	0
2009	10,918	75.000000	8,187	80.00	654,948	0	0.000000	0	0.00	0
2010	31,678	75.000000	23,759	80.00	1,900,685	0	0.000000	0	0.00	0
2011	8,110	75.000000	6,082	80.00	486,573	0	0.000000	0	0.00	0
2012	5,781	75.000000	4,321	80.00	345,665	0	0.000000	0	0.00	0
2013	5,480	75.000000	4,110	80.00	328,799	0	0.000000	0	0.00	0
2014	5,213	75.000000	3,910	80.00	312,783	0	0.000000	0	0.00	0
2015	4,958	75.000000	3,719	80.00	297,510	0	0.000000	0	0.00	0
2016	4,718	75.000000	3,537	80.00	282,968	0	0.000000	0	0.00	0
2017	4,486	75.000000	3,365	80.00	269,161	0	0.000000	0	0.00	0
2018	4,287	75.000000	3,200	80.00	256,034	0	0.000000	0	0.00	0
Subtotal:	105,751		78,314		6,345,081	0		0		0
Remaining:	16,768	75.000000	12,576	80.00	1,006,057	0	0.000000	0	0.00	0
Total:	122,519		91,890		7,351,138	0		0		0

Date	Total Net Revenue (\$)	Working Int. (%)	WI Well Count	Net Oper Exp (\$)	Net Taxes (\$)	Net Invest (\$)	Net Salvage (\$)	Net Cash Flow (\$)	Cum Cash Flow (\$)	20% NPV (\$)
Sep-2008	34,817	100.000000	1.00	4,600	3,714	100,000	0	-73,497	-73,497	-73,497
Oct-2008	34,674	100.000000	1.00	4,600	3,669	0	0	28,375	-47,122	25,878
Nov-2008	34,527	100.000000	1.00	4,600	3,663	0	0	28,244	-20,878	25,459
Dec-2008	34,385	100.000000	1.00	4,600	3,658	0	0	28,118	5,240	24,954
Jan-2009	34,240	100.000000	1.00	4,600	3,652	0	0	25,987	31,227	24,455
Feb-2009	34,094	100.000000	2.00	9,200	3,637	150,000	0	-128,742	-97,515	-119,324
Mar-2009	168,964	100.000000	2.00	9,200	18,023	0	0	141,741	44,228	129,391
Apr-2009	168,248	100.000000	2.00	9,200	17,946	0	0	141,102	185,327	126,865
May-2009	167,558	100.000000	2.00	9,200	17,873	0	0	140,485	325,812	124,408
Jun-2009	166,848	100.000000	2.00	9,200	17,797	0	0	139,661	465,663	121,977
Jul-2009	166,164	100.000000	2.00	9,200	17,724	0	0	139,240	604,903	119,613
Aug-2009	165,460	100.000000	2.00	9,200	17,649	0	0	138,610	743,513	117,277
2009	654,948	100.000000	2.00	36,800	69,661	0	0	548,286	1,291,798	446,711
2010	1,900,685	100.000000	2.00	110,400	202,740	0	0	1,587,545	2,879,343	1,147,643
2011	486,573	100.000000	1.08	59,800	51,901	0	0	374,872	3,254,215	231,231
2012	345,665	100.000000	1.00	55,200	36,871	0	0	253,594	3,507,809	127,323
2013	328,799	100.000000	1.00	55,200	35,072	0	0	238,527	3,746,336	99,799
2014	312,783	100.000000	1.00	55,200	33,361	0	0	224,202	3,970,538	78,172
2015	297,510	100.000000	1.00	55,200	31,734	0	0	210,575	4,181,114	61,185
2016	282,968	100.000000	1.00	55,200	30,183	0	0	197,585	4,378,698	47,843
2017	269,161	100.000000	1.00	55,200	28,711	0	0	185,251	4,563,949	37,381
2018	256,034	100.000000	1.00	55,200	27,310	0	0	173,524	4,737,472	29,179
Subtotal:	6,345,081			680,800	676,809	250,000	0	4,737,472		2,954,021
Remaining:	1,006,057	100.000000	1.00	248,400	107,313	0	0	650,344	650,344	69,382
Total:	7,351,138			929,200	784,121	250,000	0	5,387,817	5,387,817	3,023,403

Decline Parameters Used in Forecast							
Start Date	Q1 (Units/Mo)	D1 (Nominal)	b	Qa (Units/Mo)	Np	End Date	Product

10% NPV (\$): 3,825,476
20% NPV (\$): 3,023,403
30% NPV (\$): 2,532,206
Last Production: Jun-2023
Investment (\$): 250,000
Payoff (Years): 0.33
ROI: 22.65
IRR (%): 400.00

MP 35 TOTAL PROB VARIOUS

Revenue & Reserve Summary (Sort = Cash Flow)

TOTAL PROBABLE SUMMARY

As Of Date: Sep 2008

Date: Feb 18, 2008
Time: 07:07:54

V1.03

Lesse Name	Reservoir	Well #	Liq (Yr)	Net Total		Cumulative Production			Current Reserve			Ultimate Reserve		
				Revenue (\$)	Investments (\$)	Cash Flow (\$)	Disc 10% (\$)	Oil (bbl)	Gas (mcf)	Water (bbl)	Oil (bbl)	Gas (mcf)	Water (bbl)	Oil (bbl)
SL 1908 PRCB	7200 A sand	851	14.78	4,394,502	900,000	2,898,022	1,744,593	0	0	0	73,076	0	0	73,076
SL 1908 PRCB	8200 B sand	823	1.92	2,898,038	150,000	2,386,796	2,186,214	0	0	0	49,444	0	0	49,444
				7,281,138	250,000	5,337,817	3,930,777	0	0	0	122,519	0	0	122,519

Main Pass 35 Field Reserves

Possible

Economic Report (12 Month Detail)

TABLE V

Lease: MP 35 TOTAL POSS VARIOUS
Owner:
County:
State:
Date: 18-Feb-2008
Time: 06:52:32

Location:	Field:
Section:	Reservoir:
Township:	APT:
Range:	Operator:

Date	Oil (bbls)	Revenue Int. - Oil (%)	Net Oil (bbls)	Oil Price (\$/bbl)	Net Oil Revenue (\$)	Gas (mcf)	Revenue Int. - Gas (%)	Net Gas (mcf)	Gas Price (\$/mcf)	Net Gas Revenue (\$)
Mar-2009	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
Apr-2009	24,000	75.000000	18,000	80.00	1,440,000	112,500	75.000000	84,375	7.00	590,625
May-2009	23,828	75.000000	17,871	80.00	1,429,682	112,100	75.000000	84,075	7.00	588,525
Jun-2009	23,852	75.000000	17,739	80.00	1,419,142	111,889	75.000000	83,787	7.00	586,366
Jul-2009	23,484	75.000000	17,613	80.00	1,409,029	111,292	75.000000	83,469	7.00	584,284
Aug-2009	23,311	75.000000	17,483	80.00	1,398,677	110,894	75.000000	83,183	7.00	582,141
Sep-2009	23,140	75.000000	17,355	80.00	1,388,425	110,478	75.000000	82,858	7.00	580,008
Oct-2009	22,977	75.000000	17,232	80.00	1,378,597	110,088	75.000000	82,565	7.00	577,853
Nov-2009	22,808	75.000000	17,107	80.00	1,368,537	109,683	75.000000	82,282	7.00	575,637
Dec-2009	22,648	75.000000	16,988	80.00	1,358,883	109,295	75.000000	81,971	7.00	573,799
Jan-2010	22,484	75.000000	16,863	80.00	1,349,021	108,898	75.000000	81,672	7.00	571,701
Feb-2010	22,321	75.000000	16,741	80.00	1,339,243	108,497	75.000000	81,373	7.00	569,612
2010	214,813	75.000000	161,110	80.00	12,888,774	1,019,857	75.000000	764,893	7.00	5,354,251
2011	238,794	75.000000	179,095	80.00	14,327,634	63,542	75.000000	47,657	7.00	333,586
2012	134,357	75.000000	100,768	80.00	8,061,415	157,500	75.000000	118,125	7.00	828,875
2013	57,467	75.000000	43,100	80.00	3,448,027	172,100	75.000000	129,075	7.00	903,525
2014	49,452	75.000000	37,097	80.00	2,967,744	0	0.000000	0	0.00	0
2015	1,978	75.000000	1,484	80.00	118,680	0	0.000000	0	0.00	0
2016	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2017	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2018	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
2019	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
Subtotal:	951,526		713,644		57,091,532	2,628,400		1,971,300		13,799,097
Remaining:	0	0.000000	0	0.00	0	0	0.000000	0	0.00	0
Total:	951,526		713,644		57,091,532	2,628,400		1,971,300		13,799,097

Date	Total Net Revenue (\$)	Working Int. (%)	WI Well Count	Net Oper Exp (\$)	Net Taxes (\$)	Net Invest (\$)	Net Salvage (\$)	Net Cash Flow (\$)	Cum Cash Flow (\$)	20% NPV (\$)
Mar-2009	0		2.00	9,200	0	1,867,000	0	-1,876,200	-1,876,200	-1,876,200
Apr-2009	2,030,825	100.000000	3.00	13,800	153,800	0	0	1,863,225	187,025	1,835,130
May-2009	2,018,218	100.000000	3.00	13,800	152,501	0	0	1,851,918	2,038,943	1,796,490
Jun-2009	2,005,508	100.000000	3.00	13,800	151,375	0	0	1,840,332	3,879,275	1,758,332
Jul-2009	1,993,313	100.000000	3.00	13,800	150,298	0	0	1,829,218	5,708,491	1,721,358
Aug-2009	1,980,819	100.000000	3.00	13,800	149,192	0	0	1,817,827	7,526,318	1,684,846
Sep-2009	1,968,434	100.000000	3.00	13,800	148,099	0	0	1,806,535	9,332,853	1,649,133
Oct-2009	1,956,550	100.000000	3.00	13,800	147,050	0	0	1,795,700	11,128,552	1,614,624
Nov-2009	1,944,375	100.000000	3.00	13,800	145,977	0	0	1,784,597	12,913,149	1,580,346
Dec-2009	1,932,692	100.000000	3.00	13,800	144,949	0	0	1,773,943	14,687,093	1,547,226
Jan-2010	1,920,722	100.000000	3.00	13,800	143,898	0	0	1,763,026	16,450,119	1,514,518
Feb-2010	1,908,655	100.000000	3.00	13,800	142,853	0	0	1,752,202	18,202,321	1,482,523
2010	18,243,025	100.000000	3.00	138,000	1,374,803	0	0	16,730,223	34,932,544	13,052,354
2011	14,681,229	100.000000	2.17	119,000	1,528,261	0	0	13,013,348	47,945,893	8,607,899
2012	8,888,290	100.000000	2.08	115,000	859,884	0	0	7,913,406	55,859,299	4,435,870
2013	4,351,552	100.000000	1.75	98,800	387,790	0	0	3,887,182	59,746,481	1,795,928
2014	2,967,744	100.000000	1.00	55,200	316,559	0	0	2,595,985	62,342,466	982,889
2015	118,680	100.000000	1.00	9,200	12,659	0	0	96,821	62,439,286	33,174
2016	0	0.000000	0.00	0	0	0	0	0	62,439,286	0
2017	0	0.000000	0.00	0	0	0	0	0	62,439,286	0
2018	0	0.000000	0.00	0	0	0	0	0	62,439,286	0
2019	0	0.000000	0.00	0	0	0	0	0	62,439,286	0
Subtotal:	70,890,630			694,600	6,089,783	1,867,000	0	62,439,286		45,426,343
Remaining:	0	0.000000	0.00	0	0	0	0	0	0	0
Total:	70,890,630			694,600	6,089,783	1,867,000	0	62,439,286	62,439,286	45,426,343

Decline Parameters Used in Forecast							
Start Date	Q1 (Units/Mo)	D1 (Nominal)	b	Qe (Units/Mo)	Np	End Date	Product

10% NPV (\$):	52,530,391
20% NPV (\$):	45,426,343
30% NPV (\$):	40,117,156
Last Production:	Feb-2015
Investment (\$):	1,867,000
Payout (Years):	0.17
ROt:	38.46
IRR (%):	400.00

MP 35 TOTAL POSS VARIOUS

Revenue & Reserve Summary (Sort = Cash Flow)

TOTAL POSSIBLE SUMMARY

As Of Date: Mar 2008

Date: Feb 18, 2008
Time: 07:08:19
V1.03

Lessee Name	Property	Wyd #	Lift (Yr)	Net Total		Cumulative Production				Current Reserves				Ultimate Reserves			
				Revenue (\$)	Investment (\$)	Cash Flow (\$)	Disc (0% 1%)	Oil (bbls)	Gas (mcf)	Water (bbls)	Oil (bbls)	Gas (mcf)	Water (bbls)	Oil (bbls)	Gas (mcf)	Water (bbls)	Water (bbls)
SL 1958 POSS OIL	10200 sand 2A3		3.25	31,859,914	0	28,277,523	24,398,633	0	0	0	0	530,899	0	530,899	0	0	0
SL 1958 POSS	9250 sand	441	5.84	28,853,316	0	23,653,345	19,157,233	0	0	0	0	420,327	270,800	420,327	270,800	270,800	0
SL 1958 POSS GAS	10200 sand 1		1.92	10,046,187	1,667,000	8,699,287	7,664,063	0	0	0	0	0	2,028,000	0	2,028,000	0	0
SL 1958 POSS	9250 sand		1.25	1,750,400	0	1,658,000	1,570,267	0	0	0	0	0	326,800	0	326,800	0	0
				70,860,630	1,667,000	62,436,266	53,100,225	0	0	0	0	951,526	2,628,400	951,526	2,628,400	0	0

Main Pass 35 Field Reserves

Fixed Costs

MP 35 FIELD (8900 B)

PDP

RESERVES AND ECONOMICS

EFFECTIVE DATE: 6/08

-END- MO-YR	GROSS OIL PRODUCTION ---MBBLS---	GROSS GAS PRODUCTION ---MMCF---	NET OIL PRODUCTION ---MBBLS---	NET GAS PRODUCTION ---MMCF---	NET OIL PRICE ---\$/BBL---	NET GAS PRICE ---\$/MCF---	NET OIL SALES ---M\$---	NET GAS SALES ---M\$---	TOTAL NET SALES ---M\$---
12-08	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
12-09	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
12-10	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
12-11	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
12-12	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
12-13	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
12-14	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
12-15	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
12-16	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
12-17	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
S TOT	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
AFTER	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0

-END- MO-YR	NET ADVAL & PROD. TAXES ---M\$---	DIRECT OPER EXPENSE ---M\$---	EQUITY INVESTMENT ---M\$---	SALVAGE ---M\$---	FUTURE NET CASHFLOW ---M\$---	CUMULATIVE CASHFLOW ---M\$---	10% FUTURE DISC CF ---M\$---	10% CUM DISC CF ---M\$---	20% FUTURE DISC CF ---M\$---
12-08	0.0	450.8	0.0	0.0	-450.8	-450.8	-440.2	-440.2	-430.9
12-09	0.0	772.8	0.0	0.0	-772.8	-1,223.6	-700.0	-1,140.3	-640.0
12-10	0.0	772.8	0.0	0.0	-772.8	-1,996.4	-636.4	-1,776.7	-533.3
12-11	0.0	772.8	0.0	0.0	-772.8	-2,769.2	-578.5	-2,355.2	-444.4
12-12	0.0	772.8	0.0	0.0	-772.8	-3,542.0	-525.9	-2,881.1	-370.4
12-13	0.0	772.8	0.0	0.0	-772.8	-4,314.8	-478.1	-3,359.2	-308.6
12-14	0.0	772.8	0.0	0.0	-772.8	-5,087.6	-434.7	-3,793.9	-257.2
12-15	0.0	772.8	0.0	0.0	-772.8	-5,860.4	-395.1	-4,189.1	-214.3
12-16	0.0	772.8	0.0	0.0	-772.8	-6,633.2	-359.2	-4,548.3	-178.6
12-17	0.0	772.8	0.0	0.0	-772.8	-7,406.0	-326.6	-4,874.8	-148.8
S TOT	0.0	7,406.0	0.0	0.0	-7,406.0	-7,406.0	-4,874.8	-4,874.8	-3,526.7
AFTER	0.0	4,250.4	0.0	0.0	-4,250.4	-11,656.4	-1,332.3	-6,207.2	-471.2
TOTAL	0.0	11,656.4	0.0	0.0	-11,656.4	-11,656.4	-6,207.2	-6,207.2	-3,997.9

	OIL -----	GAS -----		P. W. 8 -----	P. W., M\$ -----
GROSS WELLS	1.0		LIFE, YRS.	15.08	2.00 (10,085.0)
GROSS ULT., MB & MMF	0.0	0.0	DISCOUNT	10.00	4.00 (8,813.1)
GROSS CUM., MB & MMF	0.0	0.0	UNDISCOUNTED PAYOUT, YRS.	99.00	6.00 (7,774.3)
GROSS RES., MB & MMF	0.0	0.0	DISCOUNTED PAYOUT, YRS.	0.00	8.00 (6,918.3)
NET RES., MB & MMF	0.0	0.0	UNDISCOUNTED NET/INVEST	0.00	10.00 (6,207.2)
NET REVENUE, M\$	0.0	0.0	DISCOUNTED NET/INVEST	0.00	12.00 (5,611.4)
INITIAL PRICE, \$	80.000	7.000	RATE-OF-RETURN, PCT.	0.00	14.00 (5,108.4)
INITIAL N.I., PCT.	75.000000	75.000000	INITIAL W.I., PCT.	100.000000	16.00 (4,680.6)
					18.00 (4,314.1)
					20.00 (3,997.9)
					22.00 (3,723.4)
					24.00 (3,483.5)
					26.00 (3,272.7)
					28.00 (3,086.4)
					30.00 (2,920.9)

END